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THURSDAY, JUNE 11, 1942

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The NATIONAL UNDERWRITER

Forty-sixth Year—No. 24

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JUNE 11, 1942

\$4.00 Year, 20 Cents a Copy

Christensen Placed in Charge of War Damage Corporation

**Companies Get Fiduciary
Forms, Public Interest
High, Questions Abound**

The announcement from Washington that Frank A. Christensen, New York, executive vice-president America Fore group, has been appointed executive vice-president of War Damage Corporation and the statement that companies intending to participate as fiduciary agents must file their subscriptions by June 15 were the most tangible developments in war damage insurance after the preliminary announcements of the plan by the Reconstruction Finance Corporation last week.

Jesse Jones, Secretary of Commerce, is chairman of War Damage Corporation; W. L. Clayton, president; Mr. Christensen, executive vice-president; H. J. Klossner and S. T. Crossland, vice-presidents; A. T. Hobson, secretary; M. W. Knarr and E. J. Singer, assistant secretaries; H. A. Mulligan, treasurer; W. E. Unzicker, assistant treasurer; C. E. Hamilton, Jr., general counsel; J. W. Close and H. C. Johnson, assistant general counsel, and Nathaniel Royall, auditor.

Mostly Government Men

The board of directors consists of Messrs. Jones, Clayton, Klossner and Mulligan, and C. B. Henderson, S. H. Husbands, C. T. Fisher, Jr., F. A. Delano and G. E. Allen. Mr. Allen is vice-president and secretary of Home of New York in charge of the Washington office and has been a commissioner of the District of Columbia. He is at present on leave from Home, on an official mission to Dublin on behalf of the American Red Cross.

Messrs. Christensen and Allen are the only insurance men on the official list, most of the others being connected with R. F. C. Mr. Crossland is administrative assistant of R. F. C. and has been prominent in its negotiations with insurance interests on matters pertaining to Defense Plant Corporation and other R. F. C. subsidiaries as well as on the war damage plan. Messrs. Close and Johnson were very active during the war damage negotiations and are favorably regarded by many fire insurance executives.

New York Headquarters

Headquarters of War Damage Corporation will be in New York and it is expected that most of the details will be handled through Mr. Christensen, with such assistance as he may need from the fire insurance companies. The R. F. C., it was authoritatively learned, expects only matters of important basic policy to be decided in Washington.

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New Type of Formula for Valuation of Bonds

DENVER—A new type of formula for determining whether bonds shall be subject to amortization is included in the program for valuation of securities in 1942 annual statements that was adopted by the National Association of Insurance Commissioners in convention here. Last year a bond selling for 65 or higher could be amortized; if selling for less than 65, market quotations had to be used. This year a bond may be amortized if its yield on the "association value" does not exceed 3.9 percent plus the yield on a taxable federal bond of the same maturity.

Formula Prepared by Moody's

The formula was prepared largely by Moody's acting for the subcommittee of the valuations committee and was approved at a committee meeting Tuesday morning over which Gough of New Jersey presided in the absence of Pink of New York. Mr. Pink did not arrive in Denver until Tuesday afternoon, as he was attending his son's graduation at Syracuse University.

The 3.9 factor formula is applicable to corporate bonds and special revenue bonds of any state or political subdivision on which the yield to maturities based on Dec. 1, 1941 and Dec. 1, 1942 association values does not, in either case, exceed 3.9 percent plus the yield for comparable maturities of fully taxable federal obligations at the respective dates. Otherwise the new valuations formula in practical effect does not substantially differ from that of last year.

The resolution reads:

Text of Resolution

1. That all stocks and bonds, excepting bonds secured by the full faith, credit and taxing power of political subdivisions of the United States and of political subdivisions of Canada which are not in default as to principal or interest on Dec. 1, 1942, shall be valued at the market quotation as of Dec. 1, 1942, excepting that in the case of securities not quoted on that date the latest available information shall be used.

2. That stock valuations shall include accrued dividends on preferred stocks and dividends declared and accrued on all stocks and shall be determined in accordance with the following rules:

Ex-Dividend Situation

(a) Where a stock sold ex-dividend on Dec. 1, 1942, and a dividend is payable in December, the Dec. 1 price is to be used.

(b) Where a stock sold ex-dividend on or before Dec. 1, 1942, and the dividend is payable on or after Jan. 1, 1943, the amount of the dividend is to be added to the Dec. 1 price.

(c) Where a stock did not sell ex-dividend until after Dec. 1, 1942 and a dividend is payable, in December, the amount of the dividend is to be deducted from Dec. 1 valuation.

(d) Where a stock did not sell ex-dividend until after Dec. 1, 1942, and the dividend is payable on or after Jan. 1, 1943, the Dec. 1, 1942, price is to be used.

3. That where a bond is quoted "flat" on Dec. 1, 1942, and interest is paid in December, the amount of the interest shall be deducted from the Dec. 1, 1942, valuation.

To Be Valued at Cost

4. That stocks and bonds acquired after Dec. 1, 1942, should be valued at cost.

5. That for all bonds secured by the full faith, credit and taxing power of political subdivisions of the United States of America and of political subdivisions of the Dominion of Canada which are not in default as to principal or interest on Dec. 1, 1942, and all amortizable privately purchased corporate bonds, on which no values are printed in this book, the amortized values should be entered in the market value column of Schedule D, Part 1 as well as in the amortized value column.

6. That when a bond is indicated as not amortizable, the value shown in the book should be entered in Schedule D, Part 1, Column 16 unless that value is in excess of the amortized value, in which case the latter should be entered.

Valuation in Aggregate

7. That stocks held by life insurance companies may be valued in the aggregate at the cost or book value, whichever is lower, provided the income received by such companies on such stocks in the aggregate, during each of the five years preceding the date of valuation, shall have been at a rate sufficient to meet the interest required to maintain policy reserves and other policy obligations, and provided further that the net investment income received by such companies on their ledger assets shall not have been less than required to maintain the reserve. Cost as used shall be held to include stocks received as exchanges or rights received as dividends or otherwise at not to exceed the market value quoted on the date acquired. This shall not apply to stocks of corporations in receivership or similar status or to stocks acquired after June 30, 1939, which shall be carried at the values shown in the valuation book.

Resolved, that, for submission of annual statements to the various state insurance departments as of Dec. 31, 1942, bonds not in default as to principal or interest, which are certified by the insurer submitting the statements to be amply secured, shall be deemed amply secured provided they are not income or perpetual bonds and provided they are included in any one of the four classifications described below:

Federal Issues

1. All bonds issued, assumed or guaranteed by the United States or Canada and all bonds secured by the full faith, credit and taxing power of political subdivisions of the United States and of political subdivisions of Canada, which are legal for investment by insurance companies under the laws of the respective states.

2. All corporate bonds and all special revenue bonds of any state of the United States or any political subdivision thereof or any agency or instrumentality of any of the foregoing which on June 1, 1942, were rated Baa or were of equivalent quality.

3. All corporate bonds and all special revenue bonds of any state of the United States or any political subdivision thereof or any agency or instrumentality of any of the foregoing on which the yields to maturities based on Dec. 1, 1941 and on Dec. 1, 1942 association values do not, in either case, exceed 3.90 percent plus the yield for comparable maturities of fully taxable U. S. government treasury obligations at the respective dates. Bonds which were not outstanding on Dec. 1, 1941, shall be deemed amply secured if the yield to maturity based on Dec. 1, 1942, association values does not exceed 3.90 percent plus the yield for comparable maturities of fully taxable U. S. government treasury obligations.

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Provocative Issues Brought Before the Commissioners

**Large Attendance at
the Annual Convention
Held in Denver**

By LEVERING CARTWRIGHT

DENVER—The National Association of Insurance Commissioners at its annual convention here, devoted earnest and business-like attention to a multiplicity of major and ambitious projects, but found itself unable to take final action at many turns. State differences are a continuing hurdle to schemes that call for idealistic uniformity and these differences at least caused to be deferred several important projects that their advocates had at heart.

John Sharp Williams, III, of Mississippi was elevated to the presidency in accordance with advance indications and C. F. J. Harrington of Massachusetts went up to vice-president.

The question of who was to be chairman of the executive committee had been uncertain and the choice, John A. Lloyd of Ohio, appealed to the commissioners and camp followers.

Salary Issue Comes Up

The question of the greatest angularity and that evoked the most passion was the recommendation of the blanks committee that in annual statements there be shown by all companies the salaries of officers and directors, including compensation, emoluments and amounts paid under management or agency contract of \$5,000 or more. At present this showing must be made for life companies, fraternal, assessment life and accident and hospitalization associations. The proposal was to extend the requirement to all companies.

At the session of the executive committee Sunday afternoon the proposal was adopted by a five to four vote, and when the word got around, the greatest excitement prevailed. Efforts were made to get the executive committee to reconsider and a session was held early Wednesday morning prior to the final general session. One proposal was that the minimum figure be raised to \$10,000, \$15,000 or \$20,000.

The commissioners Wednesday adopted the original recommendation of \$5,000.

Jess G. Read of Oklahoma was re-elected secretary. New members named to the executive committee headed by Lloyd are Sullivan of Washington, Pink of New York, Graves of Arkansas, Gontum of Maryland, Johnson of Minnesota, Gough of New Jersey, and McCormack of Tennessee.

The midwinter meeting will be held at the Hotel Pennsylvania, New York

(CONTINUED ON PAGE 14)

Iverson Head of Minn. Federation

Retiring Head Criticises Companies' Position on War Damage Cover

MINNEAPOLIS—Lloyd H. Iverson, local agent at Montevideo was elected president of the Insurance Federation of Minnesota at its annual meeting here. He succeeds George V. Fevig, Moorhead, who has served two terms and who was elected a director.

All four vice-presidents were re-elected: R. J. Grant, president Hardware Mutual, Minneapolis; Louis L. Law, London Assurance state agent; Charles F. Liscomb, local agent, Duluth; J. M. Ramey, vice-president Minnesota Farmers Home Mutual, Minneapolis, and E. A. Roberts, vice-president Minnesota Mutual Life. Clyde B. Helm was re-elected secretary-treasurer.

New directors, in addition to Mr. Fevig, are Eugene D. Billeadeau, local agent, Grand Rapids; M. J. Ebner, local agent, Wadena; Harry A. Levant, local agent, Eveleth, and Frank T. Wachs, local agent, Wabasha. Sixteen other directors were re-elected.

R. B. Nienhauser, general agent, St. Paul, was re-elected chairman of the finance committee and George W. Wells, Jr., Northwestern National Life, was re-elected chairman of the legislative committee. Mr. Nienhauser gave a favorable financial report and Wheaton A. Williams, vice president Fred L. Gray Co., reported on legislative activities the past year.

War Damage Position Criticised

Criticism of insurance companies for their handling of the war damage insurance problem was voiced by George V. Fevig, Moorhead, retiring president, in his address.

Citing the willingness of the highly competitive groups that make up the federation to bury their differences and pull together for the common good, President Fevig said: "Our unity of purpose, our spirit of harmony, could well be set up as an example for the insurance companies themselves. It appears that this lack of unity of purpose among the companies was partly responsible for the establishment of the War Damage Corporation by the federal government.

"There may be several good reasons why the industry should back away from this hazard but I am inclined to agree with a large number of people in the insurance business that the risk could have been handled by regular insurance companies through some form of pooling arrangement.

Opposes Calling in Government

"We as a federation are constantly striving to maintain our business as a free enterprise for profit and I think we have done a wonderful job in Minnesota but in my opinion it is far more important to carry on our business country-wide without calling the federal government into the picture. During these troublesome times and in the post-war period to follow, when war damage insurance will no longer be necessary, there will be a temptation to continue government activities in the insurance business possibly by expanding into other lines now ably handled by the industry.

"I believe that we should justify our position as an industry with all-out efficiency and service. In order to do this, we must have more coordination of effort and thinking on the part of the major factors in our business and a much greater degree of unity of leadership than that which now exists."

Mr. Fevig praised the work of Secretary Clyde B. Helm and urged members to support him in his efforts to obtain safe and sane insurance legislation.

(CONTINUED ON PAGE 34)

Adjusters Are in Session This Week

ST. LOUIS—The National Association Independent Insurance Adjusters is holding its annual meeting here the latter part of this week.

Thomas J. English, well known independent adjuster of St. Louis, is chairman of the convention committee. He took a large part in making up the program, and will call the meeting to order Thursday morning. L. A. Horton, executive secretary-treasurer, Oklahoma City, has been extremely active in getting together a fine roster of speakers.

The organization always has a constructive program of practical value to its members. Opportunity is given this year to adjusters to get together and discuss their mutual problems brought about by war conditions. Probably this will be the last convention the adjusters will hold during war time.

They realize that transportation difficulties will handicap convention attendance. Mr. English has operated as an independent adjuster for 25 years. For a long time his office was located in the Pierce building at St. Louis but in March of last year he moved to the Merchants Exchange building. Mr. English has departments covering adjustments on all insurance lines including fire, casualty, compensation, automobile, marine, surety bonds, etc.

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E. C. Knoop, Jr., special agent of Home in Ohio, addressed the convention of the National Concrete Burial Vault Association in Cleveland Wednesday on "Burial Vault Factory Insurance." He discussed fire prevention and property protection.

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L. A. Horton



T. J. English

Canada Non-Tariff Companies Accused of "Piracy" in Forms

TORONTO—With its annual meeting scheduled for next week, the Canadian Underwriters Association has announced a number of additional mercantile fire rate changes in Ontario, while association and member company executives are incensed at alleged copying of the CUA's new dwelling and household furniture form by non-tariff companies. It is certain that this will be a live subject at the meeting and means of stopping it will be discussed.

The new rates affect more than 300 localities in the province and more are expected soon.

"Piracy" Alleged

Calling the use of CUA forms by non-members "out-and-out piracy," an executive said that competitors are representing the forms to the public as their own effort and products of their own ingenuity. To substantiate these claims, association members have compared major portions of the CUA form and the form used by non-members, showing only a few unimportant differences.

For example, the building description of the official CUA form reads as follows:

"Including building fixtures and fittings, frescoes, plate glass and frescoes, all anywhere on the premises, but excluding trees, lawns, plants, shrubs and garden improvements in the open. The insurance is subject to the following extensions but the total liability including these extensions shall in no event exceed the amount of insurance in force at the time of the happening of any loss, nor shall more than 10 percent thereof apply in respect to each of extension (a) and (b):

"(a) On the building of any outbuildings belonging to and used in connection with said dwelling on said premises.

"(b) On rental income (or if occupied by the owner the rental value) of said building(s) becomes untenable as a direct result of the perils insured against and for not exceeding the insured's actual and unavoidable loss in respect to rental income (or rental value) during such period as would be required with due diligence and despatch to reinstate the property."

The corresponding section of a form used by non-member companies is as follows:

"...including building, building fixtures and fittings, frescoes, plate glass,

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Two Subjects Come Up on Taxation

After Discussion, Commissioners Continue Study Until December Meeting

DENVER—The insurance commissioners committee on taxation of which Gontrom of Maryland is chairman considered two subjects at its meeting Tuesday afternoon, and voted to continue the study of them with the idea of taking final action in December. One question was the allocation of marine premiums by states and the other was a proposal that the association urge the commissioners to sponsor legislation prohibiting municipalities from imposing local license taxes on insurers.

Western Conference Formula

The Western Conference of Insurance Commissioners a year ago adopted a formula governing allocation of premiums and Thompson of Oregon at the Denver meeting proposed that the formula be recommended for national application. Gough of New Jersey, McCormack of Tennessee, and Johnson of Minnesota raised several issues and immediate action could not be taken.

Gontrom brought up the question of municipal privilege taxes at the instance of a company and he read a statement indicating how troublesome these taxes are to the companies.

Ill. Farm Agents Program Given

The program for the annual meeting of the Illinois Farm Insurance Agents association in the Jefferson hotel, Peoria, June 18, was announced this week. C. A. Swarm, Decatur, president, will preside. Robert Stoutenborough, Maroa, is secretary-treasurer, and W. R. Bottorf, Macomb, vice president.

Morning Program

"Hall Insurance—Growing Crops," J. E. Cryan, assistant manager farm and hall department, America Fore group.

General discussion. "Financing Premiums—School Houses, Churches, Mercantile Buildings," Willis Van Pelt, First Bancredit Corporation, Chicago.

Afternoon Program

"Latest News Flashes on Farm Insurance," Dennis C. Smith, executive special agent Home.

General discussion. "How Can Agents Better Cooperate in the Adjustment of Farm Losses?" J. A. Struck, staff adjuster America Fore group.

General discussion. Election of officers and adjournment.

Judson Sherman in New Post

J. Judson Sherman has been elected treasurer of the Capitol Mutual Fire of Pittsburgh and also president of the Tri-State Service Agency, Inc. Mr. Sherman has had extended insurance experience over 22 years. At one time he was Ohio state agent of National Union. Later he was Chicago manager of General of Seattle. In 1935 he served as executive assistant to the late J. F. Guinness, United States manager of Pearl. More recently Mr. Sherman has been in the general brokerage and reinsurance business in Cleveland.

L. T. Merchant, Washington, D. C., has been elected a director of the Glens Falls and Glens Falls Indemnity. For a number of years he was a partner in Scutter, Stevens & Clark, investment counsel. In that capacity he visited Glens Falls five or six times each year. He is now in the state department at Washington.

THIS WEEK IN INSURANCE

Annual meeting of the National Association of Insurance Commissioners is held this week in Denver. Page 1

Frank A. Christensen named executive vice-president of War Damage Corporation. Page 1

Insurance commissioners adopt new formula for valuation of bonds. Page 1

E. W. Nourse retires as U. S. head of London Assurance and Manhattan F. & M. and is succeeded by C. D. Sheffe. Page 3

Charles F. Hobbs of Kansas gives his presidential message at the convention of the National Association of Insurance Commissioners. Page 3

The Association of Local Agents of New York City resigns from National Association of Insurance Agents. Page 3

Warner reinsurance group held subject to New York laws in reversal of prominent case. Page 3

Robert A. Parker, manager Chicago Board and Cook County Inspection Bureau, at testimonial dinner tendered him by Insurance Club of Chicago warns that strict enforcement of rules now is starting. Page 6

Floyd H. Iverson elected president of Insurance Federation of Minnesota. Page 2

C. W. Hobbs gives report on compensation council at convention of insurance commissioners. Page 19

Interstate rating is a major topic of discussion before the insurance commissioners' convention. Page 20

Pepper bill gets favorable action in Senate and early passage is now expected. Page 19

New scheme for retrospective rating in compensation field is proposed. Page 19

Surety men are disturbed over the possible consequences of the federal act calling for renegotiation of contracts on which profits are considered excessive and unreasonable. Page 20

Bureau of Personal Accident & Health Underwriters at its annual meeting in New York City studies increased opportunities for accident and health sales; reelects W. F. White chairman. Page 21

Give results of study of Accident and health claim complaints at the insurance commissioners' convention. Page 21

Insurance commissioners discuss two subjects on taxation. Page 2

Texas issues an order effecting a reduction of insurance costs for certain types of motor trucks in transporting explosives. Page 19

American Mutual Liability was the insurer on the ordinance plant at Elwood, Ill., where a serious explosion occurred last week. Page 19

Roswell C. Laub, Springfield, Mass., general agent of Monarch Life, becomes vice-president and agency manager. Page 29

Travelers holds large and instructive agency meeting at Chicago. Page 21

E. W. Nourse Retires as London Assurance Head

**C. D. Sheffe Succeeds
Him; Walter Meiss
Is Advanced**

Everett W. Nourse, United States manager of London Assurance and president of Manhattan Fire & Marine, is retiring because of his health.

Chris D. Sheffe, who has been assistant manager of London Assurance, and



E. W. NOURSE

vice-president of Manhattan Fire & Marine, succeeds Mr. Nourse July 1, as U. S. manager and president, respectively, of the two companies.

Walter Meiss, executive general agent of London Assurance, succeeds Mr. Sheffe as assistant manager and vice-president, respectively, of the two companies.

Has Served Widely

Mr. Nourse, whose retirement on pension will become effective June 30, has been U. S. manager of London Assurance since Jan. 1, 1930, when he succeeded John H. Packard. He served his apprenticeship in the insurance business in New York with Northern Assurance.

(CONTINUED ON PAGE 10)



C. D. SHEFFE

Reciprocals Lose N. Y. Case on Appeal

**Warner Group Held
Under Resident Agent
Laws in Reversal**

ALBANY, N. Y.—The New York court of appeals, highest court in this state, reversed the recent sensational lower court decision and held that reciprocals issuing policies outside the state are under the insurance laws of New York, including the resident agent counter signature provisions. Judge Albert Conway, former state insurance superintendent, wrote the opinion.

The case, which was highly publicized at the time of the lower court decision, involved two Chicago reciprocals under the management of Lansing B. Warner, Inc., Cannors Exchange Subscribers and Warner Reciprocal Bureau. Hoopeston Canning Co., an assured, brought a declaratory judgment action, seeking to have the operations of these organizations declared outside various portions of the New York insurance law, including the countersignature section.

Both reciprocals were licensed in New York. They maintained engineering departments in New York and had paid taxes in the state under protest. The argument in court was that, although they insured New York residents, they sent all applications to Chicago for acceptance or rejection and policies were issued there and forwarded to New York by mail.

Rejecting the contention that the reciprocals were not doing business in New York because they did not issue policies there, Judge Conway in his opinion said that each subscriber is an insurer and initiates his contract of inter-insurance, so that it does not matter where the attorney-in-fact for the insurer (Lansing B. Warner, Inc.) executes the contract. This state of affairs, the opinion recited, constituted engaging in the insurance business in New York and consequently brought the exchanges under the state insurance laws.

Three Ind. Field Groups Elect

At the annual meeting of the Indiana Blue Goose in Indianapolis it was voted unanimously that the Indiana pond approves holding the annual meeting of the grand nest at Toronto, Can., in August as planned. It was voted to leave to the grand nest the decision as to future annual meetings for the duration.

Frederick D. Payne, New York Underwriters, was elected most loyal gander, and other officers were likewise advanced one official notch. Edward F. Ressler, National of Hartford, was elected supervisor; Jesse E. Miller, Ohio Farmers, custodian, and Don G. Kaga, Secured Fire & Marine, guardian. Irving Williams, Rough Notes, was reelected welder. Several were nominated for keeper but on the first ballot Walter H. Polz, Sun, was elected.

J. Ray Hull, Union of Indiana, retiring most loyal gander, was presented the past most loyal gander pin by Ross A. Moore, Firemen's, past most loyal gander. Under Mr. Hull's administration there were added more new members than in any one year in the pond's history. Three new members were received Monday night, all representatives of Emmco—Walter C. Cook, field supervisor; T. F. Shortall, assistant secretary and agency superintendent, and R. L. Sullivan, special agent. The present membership of the Indiana pond is 250, a new high.

Most Loyal Gander Payne and Supervisor Ressler were elected delegates to the Toronto meeting. Twenty-six participated in the golf tournament.

Wayne C. Collie, Ohio Farmers, was

N. Y. C. Agents Resign from N.A.I.A.

**Have Been Dissatisfied
with Handling of Problems,
Administrative Setup**

NEW YORK—The Association of Local Agents of the City of New York will resign from the National Association of Insurance Agents, effective July 1, taking the action through the New York State Association of Local Agents.

The New York group held a closed meeting last week, and apparently decided on the move that time. Agents from New York suburban and Brooklyn organizations attended that meeting and may take similar action.

Like the New York State Association which adopted a resolution at its last convention calling for more democratic government of the National association, New York City agents have been dissatisfied with the National association's setup for some time.

Branch Offices Are Sore Point

Their main irritation is the failure of the national body to take definite action regarding branch offices. This subject has been before the National association since 1930. At the Philadelphia convention 12 years ago, the late Percy Goodwin, then president, assured members that an agreement in this connection was in progress and expressed confidence it would be concluded in time for presentation at the next midyear gathering. Subsequently while bank agencies have been talked of at National association meetings from time to time, nothing of a positive nature has resulted.

Under the present setup of state agents' associations, membership automatically embraces membership in the national body. Hence, in order to withdraw from the National the local organization must retire from the state association.

Don't Like Internal Setup

New York City agents also expressed dissatisfaction with the internal setup of the National association, especially in respect to the executive committee methods of administration. While there is no reflection on officers of the present administration, appointment of the executive committee by the officers is disapproved. A more equitable procedure would be a congress of states elected by the state associations, New York City agents feel. In the national councilors the national body already has the machinery for such a congress.

It is recalled that Archibald J. Smith, prominent New York City agent, who has been president of the New York City agents, served only two years of the traditional three year term on the executive committee of the National association. Wade Fetzner, Jr., of W. A. Alexander & Co., Chicago, another large city agent, served only two years on the executive committee.

W. H. Bennett, general counsel of the National association was in Denver this week attending the commissioners' convention, and there was no comment from headquarters in New York.

elected president of the Indiana Fire Prevention Association; Alwin E. Bulau, Home, vice-president and Don. G. Kaga, Secured Fire & Marine, reelected secretary-treasurer. It is anticipated that the association will be quite active in connection with war production plants the coming year.

Relief Association Meets

At the annual meeting of the Indiana Field Men's Relief Association, of which Ross A. Moore, Firemen's group, is president, Treasurer Jesse E. Miller, Ohio Farmers, reported on finances. Mr. Moore and R. W. Moon, Bankers & Shippers, whose terms as directors had expired, were reelected.

Hobbs for \$15 for Examiners and \$25 for Actuaries

Kansan Makes Recommendations as to Examinations in Denver Message

DENVER—The presidential message of Charles F. Hobbs of Kansas at the convention of the National Association of Insurance Commissioners here consisted largely of recommendations and discussions of the company examina-



CHARLES F. HOBBS

tion question. He expressed the belief that the compensation of examiners should be \$15 per day and actuaries \$25 per day plus sustenance. Moreover the item of sustenance should be the actual cost.

The practice of making a flat charge per day for expenses, Mr. Hobbs condemned. He said an examiner from another state assisting in the examination of a Kansas company this year made a flat charge of \$7 per day. The rate for a room at the best hotel in the city is \$3 and if he ate \$3 worth of food in that city each day he would not have been able to do much work. "We may apply whatever term we choose to this practice, but I'm sure that I know the term I would use," he asserted.

Observes Inconsistency

When excessive operating and overhead expenses are discovered in a company, the examiner is not in a position to criticize such conditions when the examiner himself is receiving the benefit of a flat charge for expenses.

The expenses of a Kansas examiner in New York for the past three or four months have not exceeded \$6.50 per day and he lives and eats well. Mr. Hobbs requires that his examiners furnish a receipt for the cost of their meals.

Mr. Hobbs referred to the memorandum that was sent out by a number of commissioners in the east with reference to the requirements of examiners. Due to the manpower shortage, Mr. Hobbs expressed the opinion that this is not an opportune time to adopt such recommendations.

Delays in Sending Reports

Due to the fact that there have been frequent delays in procuring copies of examination reports, Mr. Hobbs suggested that the company examiners

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Conn. Agents Hear of Opportunities in Marine Field

HARTFORD—The Connecticut Association of Insurance Agents held its one day mid-year meeting here Wednesday with a good crowd on hand to participate in an excellent program.

One of the outstanding talks was given by H. D. Van Gils, marine agency manager of Automobile and Standard Fire, on "The Effect of the War on the Marine Insurance Business."

Through the American Cargo War Risk Reinsurance Exchange, the handling of war cargo coverage today is a vast improvement over the situation in the last war, he said. To the agent this means that he need make no apology to his marine cargo assured since he is in a position to render a well-rounded service. He can handle his existing accounts with a minimum expenditure of time and money, and there is no rate competition which under existing conditions would be very detrimental to the business as a whole.

Agents Can Get Cargo Business

Many marine assured today want American insurance, and Mr. Van Gils suggested that agents can obtain ocean cargo business that has heretofore been insured abroad. With curtailed private exporting and importing, it may be easier to write accounts at this time, he said. It is reasonable to assume that those accounts will remain with the writing agent after the war when the volume of shipments is expected to increase substantially.

The syndicate for writing hull war risk insurance is still doing so although the War Shipping Administration has in recent weeks written a dominant portion of this business at lower rates.

Builders' Risk Is Big Field

It is estimated that there will be at least three launchings per day of new cargo ships by late fall, and hull builders' risk coverage is available to agents and brokers. Builders' risks, not usually insured against war hazards, are insured for marine perils through the facilities of the builders' risks syndicate. There is a separate syndicate for the handling of ships under construction for the navy.

Because of high taxes, scarcity of gasoline, restricted cruising limits, calls to military service, and the requisitioning of many private pleasure crafts by the government, the outlook for yacht business is somewhat discouraging. However, where the vessel is laid up and out of commission, port risk insurance can be recommended. This provides assured with the necessary protection and maintains the agent's connection with the risk.

Inland Marine Opportunities

Where a vessel has been requisitioned the government generally agrees to repair any damage that has occurred while in government service. But apparently there is no provision in the law for the payment if the vessel is lost. Yacht owners then apparently need "total loss" only insurance. In some instances the government has stipulated that the owner will continue to carry marine and war insurance on the hull; in others, he is merely asked to keep alert during his use of his yacht and to report any observations to the government. Under conditions of that kind it is customary to endorse the policy recognizing that condition and to charge no immediate additional premium, but to provide that additional premium will be charged if on expiration of the policy it is found that the conditions were such as to warrant an additional premium charge. The situation is far from clear cut. The only advice that can be given is that all of the circumstances of each case be

Private Insurer Pays War Damage Claim

The report is heard that one of the private companies writing war damage insurance on its own account paid a loss in Los Angeles recently. During a blackout, a firm neglected to turn off a neon sign and the authorities shot the lights out. Claim was made and paid under the war damage contract, it is stated.

thoroughly investigated and reported to the insurer.

In the field of inland marine coverage one of the minor "war babies" is the bicycle floater. Underwriters anticipate very little profit, but it is significant that they provided the coverage when the demand arose.

A demand for insurance has been created by the enormous payroll funds of some of the defense plants. These payrolls are often handled by an organization separate from the plant itself, and the transportation of these moneys has grown by leaps and bounds. Liabilities assumed under some of the policies

(CONTINUED ON PAGE 39)

National Capital Press Gets War Damage Order for Printing Policies

National Capital Press of Washington, D. C., was awarded the contract to print the War Damage Corporation policies, application forms, manuals for agents and other supplies. The number of policies to be printed is from 3½ to 5 million and the number of manuals 500,000. Six types of applications were at first specified, but the number, it is understood, has been reduced to three.

It is possible that a pretty accurate count may now be made on the total number of individuals licensed to do a fire and casualty business in the country, something that has never before been accomplished. The number of agents and brokers receiving manuals will probably constitute most of those so licensed.

S. F. Brokers Make Setup Changes

SAN FRANCISCO—An amendment adopted by the Society of Insurance Brokers at its semi-annual meeting here provides that all membership applicants must be citizens of the United States. Another amendment provides for the offices of president and vice-president in place of former titles of chairman and vice-chairman. New members of the governing committee are: Campbell-Okell Co.; Mark M. Meherin & Son; Erlanger, Reed & Meyer; John G. Johnston & Son; Paul Nathan, and Thomas B. Smith. Gus Pollock and Vincent Whitney were elected to the arbitration committee.

New Membership Class Created

SAN FRANCISCO—A preliminary membership classification has been created by the Insurance Brokers Exchange of San Francisco for newly qualified brokers. These newcomers to the business may apply for this class membership within 60 days after issuance of license. This membership may be maintained for not longer than one year, when the new broker must apply for one of the regular memberships.

Warren H. Downes, Harry M. Kelly, Jr., R. E. Pettingill and George Czinger were elected to the board of governors. Fred D. Hansen, Harvey V. Kindt and J. H. Miller were elected to the arbitration committee.

Because of confusion regarding war damage coverage, the Pacific Board on June 10 mailed to all recorded agents in board territory copy of statement of Jesse Jones dated June 2, pointing out individual companies will advise agents more specifically regarding handling this coverage.

Mutual Taxation Position Taken by Federal Body

The House ways and means committee, in giving tentative approval to the removal of federal income tax exemption now enjoyed by the mutual fire and casualty companies, pointed out that such companies have nearly one billion dollars of assets and close to \$500,000,000 of premiums, yet pay almost no tax.

The announcement of the committee stated that under the present law most mutual companies are entirely exempt from income tax under section 101-11-M. Though initially intended to exempt small local and farmers insurance companies, the exemption has in the course of time been broadened to include almost all mutual insurance companies other than life. In addition, even those companies not specifically exempt pay little or no tax.

What Present Law Allows

The reason is that the present law permits a deduction for premiums retained for the payment of losses, expenses and premium reserves. This

provision has been so broadly interpreted as to permit the deduction of all premiums from the tax base leaving at most only investment income but this, too, usually escapes because investment income is considered as first used to pay losses and expenses so that in most cases all income retained is considered to come from premiums and is hence exempt.

The Treasury proposes that exemption be given only to those companies that (1) have either a net income of less than \$25,000 or assets of less than \$100,000; (2) carry no insurance of more than \$50,000 on any one property and (3) write no insurance on other than a mutual basis.

The committee stated that under such a provision only the small, strictly mutual companies will be exempt.

\$500,000 Insurance Loss on Indianapolis Plant

Fire preceded by explosions caused an estimated \$500,000 insurance loss to the National Starch Products Company plant in Indianapolis. Two buildings were destroyed. Total insurance carried was \$1,411,000, with \$1,000,000 of use and occupancy. There is no estimate as to the U. & O. loss.

AROUND THE CLOCK WITH PHOENIX-LONDON



PHOENIX-LONDON representatives are proud to comply with the desire of the government to ease the burden on the nation's transportation facilities. By careful planning and proper advance notice of visits, fieldmen, engineers and payroll auditors are eliminating every mile of non-essential travel.

By thorough schooling in war-time insurance requirements, PHOENIX-LONDON representatives offer up-to-the-minute service to agents and policyholders without waste of time.

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All your customers will want details about the

WAR DAMAGE INSURANCE PLAN

So be sure to send them copies of the special
War Damage Edition of the Insurance Buyers' Digest

NUMEROUS DETAILS which every one of your policyholders should have and will want are contained in the Special War Damage Edition of the Insurance Buyers' Digest which is now ready for immediate distribution.

Carefully compiled information regarding the War Damage Corporation's program is presented in this special edition along with data on rates, coverage, etc.

Not only will every one of your customers be interested in this information but by sending out this complete explanation immediately while the news is still "hot" you'll show your policyholders that you are really on the job to serve them.

The Insurance Buyers' Digest has four 6x7 inch pages. The back page is left blank in case you wish to imprint it or mimeograph your own message but it isn't necessary. The Digest folds to fit a small envelope so that it is easy to mail out. It is a handy, concise little publication and dur-

ing its first six months of publication it has been very popular with agents and their customers.

The Special War Damage Edition is devoted exclusively to that subject. The data is compiled by the editorial staff of The National Underwriter. However, the material is presented so that it gives the impression that you compiled it yourself.

Facts are presented in this special edition so the reader can get a clear picture of the situation. Readers are urged to get additional information from their insurance agents so that it ties in closely with your service.

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Distribution of this special edition provides you with an unusual opportunity—so take advantage of it at once by mailing your order right now!

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Testimonial Dinner for Manager Parker of Chicago Board

There are many possibilities for expansion of the Chicago Board as a trade organization, and with proper management and strict enforcement of rules it will be a very good influence in the business, R. A. Parker, board manager, declared in a talk at a testimonial dinner tendered him Tuesday by the Insurance Club of Chicago. Mr. Parker also is manager of the Cook County Inspection



ROBERT A. PARKER

Bureau, in which were picked up all the board's rating functions.

The project to revitalize the board, now well along toward completion but with some problems yet unsolved, is a serious one, he warned. With the "drawing" conducted Wednesday to select metropolitan supervising agencies to investigate for possible violations of board rules, the board is initiating its new program of strict enforcement.

"It's the enforcing of the published rates that really counts," he said. "The board has the facts, or can and will get them. There's nothing like having four aces when some one says he never cut a rate."

He said the agencies have had since March 1 to "get religion." The fines and penalties committee means business. He intimated the first violator found would be punished as an example to others. If the committee does not do what seems to be needed, he said, the directors will act.

Expects Differences of Opinion

Manager Parker said splitting of the board's functions was a very radical step and there undoubtedly will occur differences of opinion, especially where money is concerned. Mr. Parker said he was not a dictator. His door always is open.

The problems relating to producers have been largely solved, he said. All must work together to protect the business which is worth 20 millions a year in Chicago. There is a definite place for all. If those in it do not in chambers plug up the holes they will face a group of political inquirers. He swore to do everything possible to improve the business.

Treasurer Edwin C. Connelly of the Insurance Club, it was said, will leave soon for the west, due to ill health and Secretary Redmond Peters, Hartford Steam Boiler, has been called into the service. A special election probably will be held to fill the vacancies. W. F. Kuffel, president, said the club's objectives are in line with national unity, to settle problems around the conference table. By combining efforts, he said, the club's officers believe objectives can be reached that otherwise would be unattainable. With this in mind, a project now is being considered to combine

many of the smaller insurance organizations in Chicago. They will lose their identities but gain many benefits in the proposed larger Insurance Club, he said.

Walter Sheldon, vice-president and fire manager of W. A. Alexander & Co., paid his respects to Manager Parker. He reminisced of Mr. Parker's early years in the Chicago Board. A year and a half of level-headed, courageous work has been put in on the board situation by Manager Parker. He has been to a large extent responsible for the successful outcome of the conference table methods of dealing with board problems.

W. H. Potter, Cook county manager of Phoenix of Connecticut and Chicago Board treasurer, gave some impressions of the struggle to solve the common problems. Manager Parker is a wise man and a real fellow, he said; a man of honor and one who takes things home and studies them out on a sound basis. He is a true friend of the agents and of the business.

Next to give testimonial was William W. Hamilton, assistant secretary of the board, who said Mr. Parker is sincere, earnest, tolerant and lovable. He has sympathy and understanding for all. Upon Mr. Hamilton's shoulders will fall much of the labor of enforcing rules, as he is superintendent of the investigation department.

Agents Seek to Strengthen Conn. Responsibility Law

HARTFORD—Measures to strengthen the present financial responsibility law of Connecticut and render it more like those of either New York or New Hampshire are being advocated by the executive committee of the Connecticut Association of Insurance Agents.

To this end, in anticipation of the approaching session of the Connecticut legislature, G. B. Fisher of Hartford has been named a committee of one to get in touch with Governor Hurley and determine the latter's stand on the proposal to strengthen the present legislation.

A recruiting campaign to increase membership in the Connecticut Association of Insurance Agents beyond the present all-time peak of 439 is under way. Seventy-nine members have been gained since a year ago, and the association has offered to the National association a cup to be competed for by the various states on the basis of percentage gain in membership.

At the conclusion of the course in agency management under joint auspices of the University of Connecticut extension course and the Connecticut Association of Insurance Agents, 71 were given diplomas. Sessions dealing with agency accounting, financial statements, sales planning, filing, office layout and personnel were held in three schools, at Bridgeport, New Haven and Hartford. An average attendance of 85 percent for the 20-hours course was achieved.

Henne Back on Mo. Stand

E. A. Henne, vice-president and western manager of America Fore, will be the first witness when the hearings being conducted at Jefferson City by Missouri's Attorney-general McKittrick resume June 15.

There is much talk on anti-trust action against the fire companies by the federal government in the air these days. McKittrick has been eager for some such development, and has made the voluminous record of his own hearings available to the justice department at Washington. Some federal action is still considered a strong possibility, possibly in the next two or three months.

D. A. Moore, secretary of Home, who has been ill for several weeks, is still confined to his home in Garden City, L. I. He is not expected back at his desk for another 10 days.

Frank J. Florack, Indiana special agent of Home, is in the Methodist Hospital at Indianapolis, following an operation and is making good headway toward recovery.

Camden Fire Employees Present Service Flag



A service flag honoring 12 men now in the armed forces, who were employed by Camden Fire was presented to President W. T. Read by Ralph Townsend, adjuster in the claims department, who

is treasurer of the Camden Fire Athletic Association.

The 12 employees represented by the stars are: Ralph Comeau, Peter Weber, Herbert Tripple, Gus Mortensen, Harry Fenton, Frank Whalen, Thomas Brett, Frank Myers, Gilbert Aspers, Warren Epting, Horace Smith and Garsed Dunn.

Hopps Makes Deal with Latin-American Carriers

NEW YORK—Stewart B. Hopps of this city has concluded what is expected to prove a mutually satisfactory reciprocal business arrangement with a number of home fire companies in Cuba and various South American countries. Before the severance of commercial ties between the Spanish-American republics and the Axis powers, there was a considerable exchange of fire business between the carriers of those countries and German and Italian companies, which relation perforce ceased a short time ago. It is this business which will now largely be taken care of by Mr. Hopps, in exchange for which reinsurance on American properties will be sent to companies south of the Mexican border.

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SHOCK TROOPS

in the Battle of America

TODAY, with our nation engaged in a vast war production effort, the insurance business is faced with the gravest responsibilities in its history. Factories, inventories, and transportation must be protected . . . rationed supplies of every sort must be safeguarded against loss, since losses such as automobiles cannot be replaced . . . increased values in many lines, due to priorities, call for increased insurance coverage. America must be made aware of the swift-rising property values which demand protection . . . new coverages must be initiated to meet new conditions . . . old coverages must be brought up to date to cover higher evaluations.

These great patriotic responsibilities rest squarely upon the shoulders of us insurance men. We are shock troops in the battle of production . . . the Battle of America. Our efforts as safety engineers must be multiplied manifold. Destruction of plants, equipment and stocks through fire, even though the owners are fully protected—still represents an irreparable loss to our National Defense Program.

How shall we meet the Challenge?

First, let us prepare ourselves to undertake fully our patriotic duties as insurance men by acquainting ourselves completely with local and national conditions. Second, let us intensify our safety engineering and fire prevention work. Third, let us seek out *all* needs for coverages among our present clients and the new ones coming into the field. Even though we shall all probably produce more, we should not accept our rewards and shirk our duties. In this crisis, we have a vital, important place and important work to do.

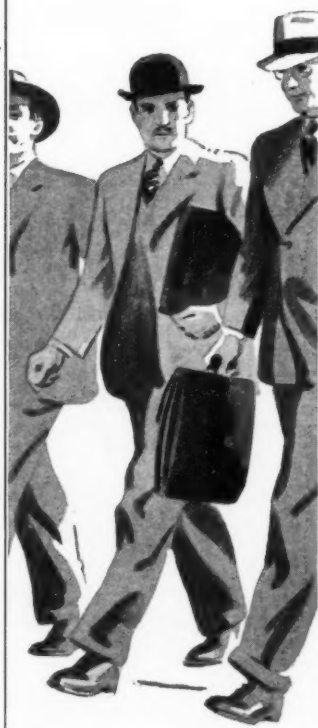
Harry F. Ogden
President

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HOME OFFICES: BALTIMORE



VIEWED FROM NEW YORK

By GEORGE A. WATSON

MISS. TAX EXAMINATION

Fire companies have been notified by Chairman Stone of the Mississippi state tax commission of the proposed extended examination of their income tax returns for 1938-1941 inclusive. General Counsel J. H. Doyle of the National Board states he is in touch with the situation, and it will be unnecessary for the companies to take any action pending further advices.

WAR DAMAGE DISCUSSED

The War Damage Corporation and how agents will handle the indemnity in New York City were discussed at a meeting of the Association of Local Agents of the City of New York.

FIREMAN'S FUND CHANGE

The New York metropolitan fire, automobile and country-wide brokerage divisions of Fireman's Fund have been combined under the managership of John E. Clark, who has been New York manager of the metropolitan fire and country-wide brokerage operations. The assistant manager of the new combined division is G. A. Dietrich, who has been manager of the automobile department.

FACTORY ASSOCIATION PLANS

Much interest is being taken in the move of the Factory Insurance Association of Hartford to operate on a nation-wide organization. The Western Factory of Chicago and the Pacific Factory of San Francisco undoubtedly will become branch offices of the Hartford parent company.

It is stated that the Hartford organization will have a full-time salaried president. Ivan Escott, vice-president of the Home, is now president of the Factory Insurance Association, and will continue in that position for the time being.

The plan intends to bring uniformity in coverage and operations throughout the entire country. In some sections

there has been a falling off in membership or some companies have decreased their commitments. They did not want to participate on all the risks or to such an extent as they had before. Under the Factory Insurance Association management there will be larger underwriting capacity. The Western Factory operates in 17 central western states and the Pacific Factory in eight Pacific Coast states. Sometimes all three organizations have been called on to provide facilities for some of the large plants, especially those that have extended greatly.

The Factory Insurance Association is composed of 74 companies, maintaining branches in Boston, New York City, Buffalo, Syracuse, Philadelphia, Pittsburgh, Baltimore, Charlotte, Winston-Salem, N. C., Atlanta. H. P. Smith is manager, and F. D. Ross and H. E. Adams, assistants. The Western Factory has 103 members, half of which also are members of the Factory Insurance Association. H. L. Grider is manager, J. R. Gathercoal is assistant. C. H. Smith, one of the western managers of the Hartford Fire, is president.

The Pacific Factory was organized in 1932 and has a membership of 111 companies, the majority of which are members of the two other organizations. C. D. Lasher, vice-president of the Home in San Francisco, is president. F. H. French is manager. The Pacific Factory has been especially strained to grant underwriting capacity in view of the largely increased industrial operations in its territory.

It will be some months before any proposed merger can be consummated.

EXECUTIVE COMMITTEE NAMED

The directors of the Insurance Society of New York have elected the following executive committee: W. A. Riorden, assistant general manager Aetna Life group and newly elected president of the society, chairman ex-officio; D. C. Beebe, president United States Aviation Underwriters; John J.

King, president Hooper-Holmes Bureau; E. R. Hardy, secretary Insurance Society, and A. G. Borden, second vice-president Equitable Society.

Red Cross certificates to some 450 persons who passed the 20 elementary courses and four advanced courses given under the society's auspices will be presented June 17 at the Chamber of Commerce building, New York City. Mr. Riorden will make the presentation and there will be a talk by Frank Keeler of the Red Cross headquarters in New York City. He will discuss the possibility of forming detachment units under the auspices of the Red Cross and the Insurance Society.

CONICK BEFORE AMERICAN LEGION

H. C. Conick, assistant U. S. manager Royal-Liverpool groups, spoke on war damage insurance at a meeting of the Insurance post of the American Legion on Tuesday.

EWING IS F.C.A.B. DIRECTOR

Esmond Ewing, vice-president Travelers Fire, has been elected a director of the Fire Companies Adjustment Bureau.

Increase Cargo War Risk Rates

NEW YORK—Cargo war risk rates have been changed. For Australia, New Zealand, Tasmania and South Pacific Islands east of 150° east longitude to and from western hemisphere via trans-Pacific, the rate is 7½ percent, was 6. Hawaiian Islands, to and from U. S. and Canadian Pacific ports, the rate is 2½ percent, was 1½. Miscellaneous coastwise: Confined to U. S., Canada, Mexico, Central America and not South of Panama but including the Atlantic side of the Panama Canal, 2 percent, was 1. West coast of U. S., Canada, Central America, Mexico to and from west coast Central America, is 3, was 2. Puget Sound ports and west coast Canadian to and from other ports in Alaska and Aleutian Islands, 3, was 2. Other west coast U. S. ports to and from southeast Alaska not beyond Cape Spencer, 3, was 2. To other ports in Alaska and Aleutian Islands, 4, was 3.

ALERT!



ONCE AGAIN . . . AMERICA—AND Insurance—stand alert for the strident call of emergency and crisis.

Prepared by 145 years of experience, this Company is helping its agents to help industry and America—to protect against losses, delay, damage—to win the Battle of Production which must eventually win the War against the Axis.



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ATLANTA

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E. W. Nourse of London Retires

(CONTINUED FROM PAGE 3)

resigning as general agent of that company in 1921 to become assistant manager of London Assurance.

As chief executive of London Assurance in the United States, Mr. Nourse has served on numerous committees of the National Board, Eastern Underwriters Association, Western Underwriters Association, New York State Rating Association and other regional bodies. For



WALTER MEISS

many years he has been a member of the New York Fire Patrol committee. He was a frequent visitor in the field, and has a large number of friends among agents.

Sheffe Was Junior Clerk

Mr. Sheffe has spent his entire business life thus far with the London, having been first employed as a junior clerk by Mr. Case in 1902. In turn he has filled practically every post at the headquarters office and has a thorough understanding of the company's policies.

Mr. Sheffe has been with the company for 40 years, and his advancement is a well earned recognition of long and loyal service. He is widely known in the field.

Mr. Meiss came to the London from Philadelphia 20 years ago as head of its automobile department, and subsequently was named executive general agent with greatly increased powers.

Nourse Has No Definite Plans

Divisional heads of the two companies were luncheon guests of Mr. Nourse at the Drug & Chemical Club Tuesday and were advised of the impending managerial changes. This was the first intimation they had that anything of the kind was contemplated. Beyond his intended rest for several months, Mr. Nourse has no plans for the future, but may decide to buy a farm somewhere in the Berkshire hills country. His home for some years has been at Scarsdale, N. Y.

He notes as a coincidence that his initial underwriting training was under the late George W. Babb, United States manager Northern of London, and that Mr. Babb and Charles Lyman Case, who preceded Mr. Nourse as U. S. manager of London Assurance, were long intimate business and personal associates. Mr. Nourse visited the home office of the London twice, most recently in 1936.

N. Y. State Company May Be Sold

NEW YORK—One of the small fire companies of this state is being offered for sale. While tenders for the majority of its stock have been submitted, no deal, it is understood, has been concluded as yet.

Hobbs for \$15 for Examiners

(CONTINUED FROM PAGE 3)

gested that immediately after the completion of an examination copies of the report be mailed to the insurance department of each state in which the company operates. Should it be necessary to hold a meeting to modify the report, all the commissioners can then be advised and any changes can be for-

warded to them. He said that sometimes he has not received a copy of the report for several months. He suggested that the commissioner of the home state be made responsible for distributing reports of examinations and that the companies themselves be directed immediately to forward a copy of the report to the department of each state in which it operates.

Unless the departments insist that corrections be made of faults discovered in the examination, the examination is worthless, he declared.

In the interest of conserving paper

and due to the problems of inexperienced help, Mr. Hobbs suggested that the companies call a halt for the time being on new policy forms and endorsements. During the past 60 days he said that more than 400 new policy forms and endorsements have been submitted to his department. Much paper could be saved by refraining from coming out with new forms.

Peter S. Aslakson, Cannon Falls, Minn., believed to be the oldest active insurance agent in Minnesota, observed his 90th birthday June 3.



To Save Your Time

Production lines in manufacturing plants save time—get planes out faster . . . and guns . . . and ships . . . and uniforms. "Production lines" and teamwork . . . skilled crews who know the importance of doing the job fast and doing it right.

In addition to your own business, you are probably active in selling Defense Bonds, or working with the Red Cross, or giving your time to any number of National Emergency duties. So it is important that your

companies give you the finest kind of teamwork—to save your time.

And that's what we try to do. Our fieldmen and home office staff have a real appreciation of your local problems, and our prime effort is to eliminate annoying details and excess correspondence . . . to handle your matters quickly so that you can concentrate on taking care of your customers efficiently.

Can we help you? We would be glad to try.

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Every Type of Property Insurance for Industry and the Home.

WE ARE AT WAR! Loyal Americans on the Insurance front have turned their backs on the fat times, easy sales and quick profits of the days before Pearl Harbor. With sleeves rolled up they are drafting plans to put every available resource to work in an all-out drive for victory, without forgetting that theirs is the duty to provide adequate insurance protection for industry, property, homes and lives in time of war. Sacrifices will have to be made, and willingly. Tightened belts are a sound index of better fighting trim.

In keeping with this trend, new plans will have to be made and then again be scrapped and remade. Business practices, which we have looked upon as our rights, will give way to new methods that will cut through established routine in the best interests of the nation's welfare.

Only the faint-hearted will look back longingly on the good old days, and then bury their heads in the sands of lethargic do-nothingness. Normal conditions for waging all-out war call for sacrifice and the courage to give up many things which have seemed to be so comforting and worth while. We propose to accept these conditions as normal for the duration and for victory.



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Royal Plate Glass & General Ins. Co. of Canada
The Metropolitan Casualty Ins. Co. of N. Y.
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Southwestern Dept.
912 Commerce St.
Dallas, Texas

Pacific Department
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FOR VICTORY — BUY UNITED STATES WAR BONDS AND STAMPS



NEWS OF FIELD MEN

Tobias in Line for Illinois President

A lengthy discussion of the new federal war damage coverage, and also a question and answer period will be features of the annual meeting of the Illinois Fire Underwriters Association to be held June 18-19, at Lake Lawn hotel, Delavan, Wis.

W. B. Tobias, Hartford, is expected to be advanced from vice-president to president and Leo N. Davis, North America, to vice-president. Mr. Tobias will succeed H. E. Johnson, Jr., Aetna Fire group.

Five candidates are in the field for election to the four positions open on the executive committee. These are C. M. Wilcox, Bloomington, New Hampshire; Charles T. Carpenter, Jr., Peoria, America Fore; H. W. Williams, Rockford, American; M. H. Hegbom, Chicago, Commercial Union group, and D. K. Dame, Decatur, Crum & Forster. The three receiving the greatest number of votes will go on the committee for two-year terms and the fourth for one year. They replace L. C. Pettersen, Chicago, Sun; C. F. Daniels, Chicago, Norwich Union; H. C. Harm, Gibson City, North America, and R. J. Harmon, Springfield, Home. Holdover members are E. M. Eichenberger, Royal, Chicago; H. J. Hensen, Travelers, Peoria, and W. H. Miller, National Union, Chicago.

Mr. Daniels, temporary chairman of the Business Development committee, will report on activities. The annual golf tournament will be held with J. Lewis Cassells, London, the perennial chairman, in charge assisted by A. J. Meyer, Automobile.

Many managers and assistants are expected to attend the meeting. President Johnson announced the Northwestern railroad train schedule, under which trains leave Chicago 8:19 a. m.; 4:42 p. m., and 5:18 p. m., and return leaving Williams Bay 6:27 a. m., 7:22 a. m. and 1:35 p. m.

Utah-Idaho Election June 26

SALT LAKE CITY—At a meeting here of the Utah-Idaho Blue Goose, the annual meeting was set for June 26. In the absence of W. J. H. Montgomery, most loyal gander, T. E. Ford, supervisor, presided. It was decided to hold a meeting in Boise, the latter part of August, to fit in with the annual meeting of the Idaho agents. S. L. Beeman of the San Francisco pond, who was a guest, announces that he expects to take transfer to the Utah-Idaho pond in the near future.

The pond will be represented at the grand nest meeting by at least one delegate and a number of alternates. Supervisor Ford was named as delegate early this year, but is now doubtful whether he will be able to attend.

South Jersey Club Elects

CAMDEN—Allen M. Mills, Camden Fire, has been elected president of the South Jersey Field Club. Vice-president is Samuel Gray, New York Underwriters; secretary, Edmund Neary, American; treasurer, Howard Waterhouse, Aetna Fire; chairman of executive committee, Raymond Allgaier, North America.

Increase your accident sales with ideas from the Accident & Health Review, \$2 a year, 175 W. Jackson Blvd., Chicago.

Short, Akin, Kellner Head Ky. Groups

Attendance at the annual outing of Kentucky field men at Mammoth Cave was somewhat smaller than usual, as many are busy on defense work, and all are trying to conserve tires. At that there were 50 to 60 in attendance.

The Kentucky Fire Prevention Association elected E. W. Short, Great American, president, succeeding Thomas Nicol, Aetna Fire. E. B. Hatch, America Fore, was elected vice-president and E. A. Parsons, Louisville general agent, reelected secretary-treasurer.

The Kentucky Blue Goose elected George B. Akin, Firemen's group, most loyal gander, succeeding Emerson Hill, Aetna Fire; Frank B. Nelson, Western Adjustment, supervisor; S. T. Holland, America Fore, custodian; G. E. Fieldhouse, Home, guardian; W. M. Horn, Kentucky Actuarial Bureau, keeper, and William E. Kingsley, Travelers Fire, wielder.

Gordon Kellner, Automobile, was elected president of the Speakers Bureau, succeeding Franklin R. Macpherson, New Hampshire; George B. Akin, Firemen's, vice-president, and E. W. Short, of Great American, secretary.

A traveling bag was presented to Mr. Macpherson as retiring president of the Speakers Bureau, while Mr. Nicol received a table, chair and lamp as retiring president of the Fire Prevention Association and Emerson Hill, retiring most loyal gander of the Blue Goose, was presented the customary pin.

The Kentucky Fire Underwriters Association merely held its usual mid-summer meeting, as the election is in the winter. Reports on balances were favorable.

At the fire prevention meeting Mr. Nicol reported on meetings held during the year, efforts to aid in defense programs, and the inspection of schools, an effort that is being closely pursued due to increasing school losses, and the fact that school basements are being used for storage of waste paper and defense junk.

Entertainment included a barbecue and a dinner dance given by the Blue Goose.

McCaffrey, Seibold Are Mo. Presidents

ROCKAWAY BEACH, MO.—At the annual meeting of the Missouri Fire Underwriters Association, T. B. McCaffrey, Kansas City, associate state agent Home group, was elected president; C. Hohman Mahn, St. Louis, Springfield F. & M., vice-president, and Fred S. Slagle, Automobile, reelected secretary-treasurer for a fifth year. Mrs. L. M. Burnett was reelected for the ninth year as assistant secretary. E. L. Crellin, St. Louis, America Fore, retiring president, presided at the banquet, where announcements were made of sports winners. Kansas City won the baseball game from St. Louis. Mrs. B. E. Marsh, Topeka; B. E. Marsh, Topeka, Phoenix Assurance and Clyde Tindall were golf winners.

F. W. Westervelt, assistant director Business Development Office, told of its new program.

Attendance was about 90, making it one of the largest meetings of recent years.

Fire Preventionists Meet

George A. Seibold, St. Louis, state agent America Fore, was elected president of the Missouri Fire Prevention Association; W. O. Woodsmall, Kansas City, Fire Association, vice-president and Jesse E. Murray, Jr., St. Louis, National Union, secretary.

Clyde E. Tindall, Firemen's, retiring

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Developed in the fine traditions typical of New England.... our greatest heritage is the constancy of our agents. Their loyalty through many years has become traditional.

RHODE ISLAND INSURANCE COMPANY

INCORPORATED 1905

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The Old Man says...



Changing the name of Defense Savings Bonds to WAR SAVINGS BONDS should be the incentive for everyone to enlist for the "duration" in the Army of Buyers of Freedom!

New Hampshire
FIRE INSURANCE COMPANY
Manchester, N.H. Organized 1869
CAPITAL \$3,000,000

Granite State
FIRE INSURANCE COMPANY
Portsmouth, N.H. Organized 1885
CAPITAL \$1,000,000

president, talking on "fire defense", pointed out how the organization fits in with plans of the National Council of Civilian Defense in fire prevention work. He urged doubling the association's efforts and outlined plans for the future, including more town inspections.

In view of the advance in association work the past year and the studies made by Mr. Tindall, he was elected chairman of the executive committee to carry suggested ideas into execution.

James Idol, president of the Missouri Municipal League, spoke on the "Fire Defense in Small Municipalities." Mr. Idol is mayor of Humansville, Mo., and past president of the Central Missouri Press Association.

Ohio Field Groups Meet in Columbus

Herman P. Winter, America Fore group, was elected president of the Ohio Fire Underwriters Association at the annual meeting in Columbus Tuesday. F. I. Sipp of the Hartford, Cleveland, was elected vice-president and Howard R. Underwood was reelected secretary-treasurer. Mr. Underwood has held the post since 1932 and previously was assistant secretary.

Dudley Gallagher, North British, and Ray Metzger, Reliable, were elected members of the executive committee for two years and Harold I. Smith, Springfield, for one year.

The annual meeting will be held at Cedar Point July 21-22, the date having been changed so bureau field club men can meet with the union club.

Fire Preventionists Elect

K. J. Hoag, Fireman's Fund, was elected president of the Ohio Fire Prevention Association at its annual meeting in Columbus Tuesday. R. B. Sherman, Northern Assurance, was chosen vice-president and G. S. Valentine, Jr., Ohio Farmers, secretary-treasurer. C. W. Little, Sun, retiring secretary-treasurer, was made executive chairman. A civilian defense committee was named consisting of C. H. Roggenkamp, retiring president, Security of Iowa; H. R. Underwood, Providence Washington, and W. L. Cowan, New York Underwriters. Fire Marshal L. G. Schraffenberger, Cincinnati, told of methods used in Cincinnati to promote fire prevention.

Guests included State Fire Marshal Ray Gill and his assistant, W. S. Bucklow, Chiefs E. P. Welch, Columbus, and Foster, Upper Arlington; Ray Martin, secretary Ohio Association of Insurance Agents, and S. D. Reichelderfer, Chillicothe.

Bureau Club Also Elects

The Ohio Association of Fire Underwriters, bureau field club, at its meeting Tuesday reelected these officers: Fred Guck, Milwaukee Mechanics, president; G. E. Allen, Security of Iowa, vice-president, and W. E. Friedman, Western Sprinkled Risk, secretary-treasurer.

Ohio Blue Goose held its annual outing at Scioto Country Club, Columbus. Low gross score in the golf tournament was recorded by Ray Geiger, Western Adjustment, Dayton, and first honors in bridge by Mrs. B. F. Flood, formerly of Columbus, now of Charleston, W. Va. Mr. and Mrs. E. O. Thompson, who now reside at Long Beach, Cal., sent prizes to be awarded winners in contests. Mr. Thompson was for years state agent of the North British at Cleveland.

W. W. Waters is most loyal gander of the pond. James A. Lecky, Jr., was general chairman for the outing.

Vogt and Davis Qualify for Illinois Pond Tournament

The qualifying round for ganders in the northern part of the state in the annual golf activities of Illinois Blue Goose was held in connection with the Rockford, Elgin, Aurora and DuPage County Agents Associations' outing at Medinah Country Club near Chicago. The winners will compete later in the

year with qualifiers from the Dan T. Smith puddle at Springfield and the J. D. LaTeer puddle at Peoria.

The northern qualifiers were Earle E. Vogt, advertising manager Millers National, first, and Leo N. Davis, state agent North America, second.

Ride Buses, Trains in South

BIRMINGHAM, ALA. — Southern field men are learning to ride trains and buses again and like it. The average field man travels around 30,000 miles per year in this territory where distances are far. With no priorities on cars, tires or gasoline they are being forced to other forms of transportation. They still use their cars for short trips. They cannot cover nearly as much territory, having to lie over to meet schedules and often have to stop at small hotels.

Grand Nest Meet to Go On

TORONTO—There has been some talk that the Blue Goose grand nest meeting, scheduled to be held in Toronto in a few months, might be called off on account of the war. The understanding now is that the convention will definitely be held on the scheduled dates, Aug. 25-27. A. J. Mylrea is in charge of arrangements, and is assisted by Norman F. Jardine, program; Norman G.

Cummings, reception; Fred Midgley, hotel; Norman C. Bethune, registration; Cecil Wapshott, golf; Stan Slater and George Collaton, entertainment and transportation; William C. Butler, good fellowship banquet; Frank C. Chandler, memorial service; Harold C. Baillie, model initiation; Mrs. F. C. Chandler, events for ladies.

Plans Are Completed for Michigan Blue Goose

W. T. Benallack, secretary Michigan Fire & Marine, as wielder of the goose quill of the Michigan Blue Goose has sent out official notice of the annual meeting to be held at Portage Point Inn., Onekana, Mich., June 23-24. The field men will hold their meetings at the same time. At the Blue Goose banquet, J. F. Bohrer, Camden Fire, most loyal gander, will open the exercises. J. J. Hubbell of Chicago, resident secretary Security of New Haven, past most loyal gander in Michigan, will be honk master. Greetings from the grand nest will be from George E. Edmondson of Tampa, Fla., who is president of the American Association of Insurance General Agents, he being grand keeper of the golden goose egg. Mr. Benallack will close the ceremonies, he being past most loyal grand gander. George L. Stone,

National Liberty, will be advanced to most loyal gander.

Seattle Pond Elects June 26

The Seattle Blue Goose will hold its annual meeting and field day June 26. In the afternoon, competition for the Lee McKenzie Cup will take place, with a cocktail hour and banquet in the evening.

Ashton Succeeds Bolton

Richard E. Ashton has been appointed by Glens Falls as special agent in Oregon. He succeeds T. Marshall Bolton, called into war service.

Charron to American in N. Y.

Alfred J. Charron has been appointed special agent of the American of Newark group in western New York state. Walter H. Bryant will supervise the central part of the state, and W. Richard Webster will continue to handle the eastern section.

Mr. Charron, who has been in the New York field for several years with Eagle Star, will have his headquarters in the Iroquois building in Buffalo.

Louis M. Eyerman, solicitor in the Edward J. Miller & Co. agency, Louisville, has filed for the Republican nomination for Congress there.



SHE WON'T TALK!

Will You?

THE ENEMY HAS EARS

WE hope this poster will remind the insurance fraternity that it is in this fight too. They too must enlist in the silence campaign.

Copies of this poster, size 9 x 12 inches, will be furnished any insurance agent for window display

purposes. The Employers' Group imprint appears on the back of the poster. For copies write A. R. P. Department, The Employers' Group, 110 Milk Street, Boston. Please order by form number which is S428.



Provocative Issues Brought Before the Commissioners

(CONTINUED FROM PAGE 1)

City, early in December, the exact date to be decided later.

H. M. Morin, commissioner of Rhode Island announced Wednesday that he has resigned and is taking a position with a fire company, the name of which he did not disclose. He was nominated as a member of the executive committee, but declined.

Perhaps the most ambitious project of the convention was a scheme to handle interstate rating of compensation business and to tackle similar problems in fire and other casualty fields. In connection with this project there were produced a bewildering assortment of reports, surveys and resolutions. The hearing on this subject was the most largely attended of any committee meeting but the crowd had not been able to absorb the mass of material and the results were inconclusive.

This is said to have been the largest convention in history with nearly 700 registered. The Denver hosts were unusually attentive and kept the few off hours filled with entertainment. In keeping with the times the social features were not of an extravagant nature but they did provide an opportunity for fraternizing and doing effective committee work so to say in congenial surroundings. The big event was the buffet dinner on the grounds of the Lakewood Country Club Monday evening, with the mountains like a stage setting in the distance. The Denver committees were headed by W. Lee Baldwin, president of Security Life & Accident of Denver, who was a working chairman.

Close Did Not Appear

The group was greatly disappointed that James W. Close, counsel for R.F.C., who was to have given a talk on the War Damage Corporation, could not keep the engagement. Many had hoped to hear from him authentic, last minute information on the program.

The valuations committee adopted a formula for the 1942 annual statement. The principal change concerns the test for eligibility for amortization. Last year a bond selling for less than 65 had to be entered at market and if selling for 65 or more could be amortized. Under the new scheme a bond that yields more than 3.9 percent plus the yield on a taxable federal issue of the same maturity must go in at market. That ingenious invention of Moody's experts caused much interest and for the rest of the day everyone kept busy explaining to each other how it would work out.

Relief in Income Tax

Jones of Illinois offered a resolution that made a hit with the life insurance element supporting the proposal that some measure of relief be granted to the federal income tax payer for life insurance premiums that he has paid.

Definite progress seems to have been made in the movement to bring about uniformity in life insurance war clauses. Although final action was not taken the question was referred to a subcommittee with instructions to report to the life committee within 30 days.

EXECUTIVE COMMITTEE

The executive committee went into session Sunday afternoon, holding a short open meeting and then going into a closed conference. At the open session Commissioner Harrington of Massachusetts, the chairman, announced that James W. Close, counsel of the R.F.C., who was to have addressed the Tuesday morning meeting, on the setup of the War Damage Corporation, would be unable to keep the engagement because of press of duties at Washington.

Insurance Director Fraizer of Nebraska submitted an invitation to hold

the 1943 annual meeting at Omaha in June.

E. B. Raub, president of Indianapolis Life, presented a statement from the committee of the American Life Convention, on state supervision, recommending that the tenure of office of commissioner be made six years, uniformly throughout the country; endorsing the resolution adopted by the zone 1 commissioners in April for the qualification of examiners; advocating uniform and more exacting requirements for the licensing of life insurance agents, and favoring the establishment of a central office by the commissioners with a permanent staff.

George Boissard, president of National Guardian Life, is chairman of the A.L.C. committee, and Mr. Raub was presenting the statement in his absence.

Commissioner McCormack of Tennessee inquired whether the A.L.C. committee favors elimination of part time agents. Mr. Raub said that although such a stand was generally advocated a year ago, opinion today is divided.

Sunday evening there was a jolly get-acquainted cocktail party with the Denver committee as hosts.

Monday morning two committee meetings were held and then the first general session was held with Hobbs of Kansas in the chair. Lieutenant Governor Vivian of Colorado and Mayor Stapleton extended greetings, with response by Williams of Mississippi. La France of Quebec spoke a word and was heartily applauded when he mentioned the great U. S. naval victory of Midway Island. To the roll call answered the commissioners of 38 states and two Canadian provinces. Mr. Hobbs named on the resolutions committee Julian of Alabama, Thompson, Oregon; and Gontrom, Maryland; and on the auditing committee Fischer of Iowa, Rummage, Arizona, and Fraizer, Nebraska. Then Mr. Hobbs delivered his presidential address.

Jess G. Read reported that the receipts during the fiscal year were about \$4,000 and disbursements were \$3,956. The balance on hand is \$2,532.

Monday afternoon was devoted to committee hearings, the most important being those of the life committee to consider the war clause question and of the accident and health committee. The fire and marine committee to take up the question of renewal certificates did not hold its scheduled meeting despite the fact a large number of camp followers appeared at the meeting room.

Ralph Alexander, Pennsylvania deputy, was distributing cigars in behalf of "Pittsburgh next." He would like to have either the 1943 annual convention in Pittsburgh or the December mid-winter meeting.

Monday evening the entire group was taken to the Lakewood country club for a buffet supper and dance.

Monday Evening Party

The Monday evening party was exceptionally enjoyable and was the high point of the week from a social standpoint. A sumptuous buffet was served to more than 700. The famous Denver University Square Dancers provided the entertainment.

On hand was Maj. K. H. Bair who is stationed at Lowry Field. His home is in Greensburg, Pa., and he is a past president of the National Association of Insurance Agents.

Tuesday morning was held the meeting of the valuations committee and then another general session at which there were some enlivening passages.

A telegram of greetings was read from Clarence Neslen, former Utah commissioner, who is now a colonel and post chaplain at Fort Lewis, Wash. Read of Oklahoma reported as secretary.

Harrington of Massachusetts read the report of the executive committee

and when he had finished another Gough-Harrington tiff developed. At the recent Louisville meeting, the executive committee sent a telegram to the blanks committee instructing the latter to amend the annual statement blanks to include salaries, including all compensation and emoluments, of \$5,000 and more of all types of insurers. Gough charged that Harrington in his report had not correctly stated the fact in that it had been taken after some bickering. The report was amended somewhat. The salary question started to get an airing at that time but the discussion was cut short. Julian of Alabama inquired whether approval of the Harrington report meant the association was approving the publicizing of salaries, if so he said he wanted to enter opposition. He was told that this matter would come up in a supplementary report Wednesday morning.

Mrs. Elsie Mayer of Denver, president of the National Association of Insurance Women was introduced.

Tuesday Afternoon's Committees

Tuesday afternoon was devoted to committee meetings. The most largely attended session of any at Denver was that of the committee on interstate rating with Pink of New York presiding.

The committee on interstate rating held a final session Wednesday morning. At the instance of Morin of Rhode Island, the committee voted to accept the various reports that had been submitted and to ask authority of the association to add to the membership of the committee company and insurance producers representatives. J. F. Collins of New York said that although progress has been made in outlining a plan for workmen's compensation, nothing of a definite nature has been suggested for fire insurance. He said retrospective rating is not applicable to fire insurance but the principle of graduated expense can be applied.

Rouillard of New Hampshire said the problem of properly compensating the agent for handling small policies should be considered along with reducing commissions on large risks. Perhaps a policy fee or expense constant might be introduced. McCormack of Tennessee subscribed to that idea. Harrington suggested the loss experience of small and large policies be segregated and rate differentials established if indicated. He asserted that the mutuals, non-bureau companies and London Lloyds have engendered the progress in the business.

McCormack said the general writing organization companies are rendering greater public service than are the specialty companies.

Rouillard said consideration might be given to writing a longer term policy for the small buyer.

Collins said the way to face the problem is to try to conceive the plan that might be used if the federal government

insisted on a nationwide procedure.

McCormack resigned as chairman of Zone 3 after serving since 1939. Scheufler was elected chairman.

At a meeting of the examinations committee Wednesday morning the various proposals to establish standards of qualifications for examiners was voted down, and the subcommittee was discharged. The opinion was voiced that constant improvement is being made in handling examinations and the subject should not be continually probed and discussed.

MOUNTAIN BREEZES

A number of commissioners and their camp followers tarried between trains in Chicago last Saturday enroute to the Denver convention of the National Association of Insurance Commissioners. The Illinois insurance department had installed a suite at the Hotel LaSalle where a number gathered during the morning. The eastern people arrived early in the day and spent most of the time either in headquarters or visiting insurance offices in the city. A. G. Smith, deputy in charge of the Chicago office of the department, was the chief host. However, Assistant Director C. M. Kinney was on hand. Georges LaFrance, superintendent of insurance of Quebec, and H. D. McNairn, the Ontario superintendent, joined the party at the hotel.

Insurance Director Paul F. Jones, Retiring Chief Deputy R. T. Nelson and Actuary Haffner went on to Denver to attend the convention.

Col. H. P. Dunham, vice-president of the American Surety, and Mrs. Dunham two days before they left for Denver opened their home in Hartford where they spend the summer.

Commissioner R. F. Apodaca of New Mexico joined the party at Chicago Saturday. He had been in Florida and then went on business to Washington, D. C., being able to dispose of it in time to get to the Denver meeting.

Allan Bromsmith, counsel of Travelers, was receiving congratulations at the Denver meeting of the commissioners when the news got about that he has a two weeks old daughter, Allana.

C. W. Fairchild, manager Association of Casualty & Surety Executives, Secretary S. B. Perkins of the Travelers, and Deputy U. S. Manager H. H. Fuller of the Zurich left Chicago for Denver, Friday, intending to do some fishing over the week end.

Superintendent Pink of New York addressed the Denver Kiwanis Club Wednesday.

J. W. Kennelly, deputy commissioner of North Dakota, who has been for the past few days a lieutenant in the army air corps, mingled with his friends at the convention Sunday. He is stationed at Lowry Field at Denver.

E. A. Henne, vice-president and western manager of America Fore, and H. Clyde Edmundson, vice-president and Pacific Coast manager, were on a trip to New York this week. They left Chicago together Tuesday.

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are pleased to announce the election as Vice President of

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CHICAGO

AS SEEN FROM CHICAGO

MOREY'S TERRITORY EXTENDED

A. P. Morey of Chicago, district manager for the Stock Company Association, has been given additional territory. He has previously been handling Illinois and Wisconsin and now has Michigan and Indiana as well.

MAX SCHRAYER MAKES CHANGE

Max Robert Schrayer, a prominent broker in Chicago who has been operating as Max Schrayer & Associates with headquarters in the Insurance Exchange building, has joined the Associated Agencies of Chicago as vice-president and a member of the firm. He will become a metropolitan supervising member of the Chicago Board. Mr. Schrayer takes with him his associates, Bernard G. Klein and Ernest B. Styer. Mr. Schrayer takes a prominent part in the alumni activities of the University of Michigan.

MASS MEETING IN EXCHANGE

Recruiting of cadets for army and navy flying training will start Thursday at 11 a. m., in the Insurance Exchange building, Chicago, with the opening of a booth in the north lobby by the Aviation Cadet Recruiting Aids. The booth will be initiated at a mass meeting of insurance people by Cadette Colonel Cleone Cook, in charge of the volunteer woman's organization which is conducting this work, and a number of army officers. Thirty aviation cadets will be inducted.

E. V. Mitchell, president Illinois Insurance Federation, will be master-of-ceremonies.

A number of women employees in the Insurance Exchange for several weeks have been taking training to join the Aids and give their spare time to the work. These will be especially recognized at the mass meeting. Addresses and martial music will be carried over a loud speaker hookup.

Arrangements for the demonstration were made by Lillian L. Herring, executive secretary of the Insurance Federation of Illinois, who is civic coordinator of the Aids in the Exchange and handled arrangements for the activity and mass meeting there.

MRS. HERRING'S OFFICE PLANS

The office of the Illinois Insurance Federation, the Illinois Association of Insurance Agents and the advisory legislative council, over which Mrs. Lillian L. Herring presides, will be moved to 616 Insurance Exchange inasmuch as Homer Gwinn & Co. will add the present office to its quarters. In addition, the office services the Casualty Managers Association, Surety Underwriters Association and the Chicago Association of Insurance Agents. Mrs. Herring directs the activities and detail and has done a magnificent job. She is most capable in her work.

SETUP ON INVESTIGATIONS

A drawing by numbers will be held at 10:30 Monday morning in the auditorium of the Chicago Board to determine the order in which investigations of agencies will be conducted by the board's investigation department. These investigations are to start shortly and will review an entire month's business of the agency. Purpose is to determine compliance with rules and practices of the Cook County Inspection Bureau and rates promulgated by the Bureau, if proper forms are being used, and whether commission and brokerage rules of the board are being observed. George R. Bowman, vice-president of R. A.

Napier & Co., president of the board, will supervise the drawing. W. W. Hamilton, assistant secretary of the board in charge of investigations, and Robert A. Parker, manager of the board and head of the Cook County Inspection Bureau, will be on hand.

IN U. S. WAR SERVICE

William P. D. Bush, secretary American of Newark, Columbia and Dixie Fire, has been commissioned a captain in the army air force. He left for duty in Washington. He served with the ambulance service in the first world war and was two years in France.

R. Bruce Wallace, underwriter of Travelers Fire in San Francisco, is now in the army air corps and has left for the Santa Ana air corps replacement center. He was presented a gift from his fellow workers by W. M. Mutch, chief underwriter.

Irwin C. Toomey, assistant arbitrator of the Surplus Line Association of California in charge of the San Francisco office, has enlisted in the marine corps and is now at the San Diego marine base.

Arthur J. Rohde, president of the local agency in Detroit bearing his name, is now serving in the army air corps as a first lieutenant.

R. H. Matthias of the Chicago law firm of Ekern, Meyers & Matthias, which is prominently identified with the insurance business, reports Saturday in Washington to the fiscal division service of supply of the army. He has the commission of captain and will handle the drafting of budget and legislative bills for the army. Mr. Matthias has done a great deal of insurance legislative work. He is a former president of the Illinois Fraternal Congress.

Richard D. Byrne, marine 'special agent of Fireman's Fund at Detroit, has joined the coast guard with the rank of chief petty officer. He is a son of T. F. Byrne of the Byrne, Byrne & Hahn agency in Chicago.

Lawrence S. Hunter of the Simpson Stoner agency at Greencastle, Ind., has enlisted in the navy as a yeoman and is now stationed at San Diego, Cal.

James A. Danforth, a corporal in the army, was graduated from the officer candidate school at Fort Benning, Ga., as a second lieutenant. He is a graduate of DePauw University and formerly was connected with Western Adjustment. He is a son of R. S. Danforth, assistant secretary of Millers National and most loyal gander of Illinois Blue Goose.

Jack Holker, special agent of Associated Indemnity in Minnesota, has entered military service. He is a son of Harold R. Holker, assistant Minneapolis manager of Maryland Casualty.

Capt. H. P. Ausherman, formerly with the Kansas City office of the Kansas Inspection Bureau, has been transferred to the signal corps and assigned to San Francisco in charge of plant protection for the district from Seattle to Los Angeles.

Eli Bounous of Dulany, Johnston & Priest, secretary of the Wichita Association of Insurance Agents, has taken examinations for a commission in the navy.

Lieut. Col. A. E. Campbell is with one of the units of the A.E.F. in northern Ireland. He is the head of the Seattle adjusting firm which bears his name, and a past most loyal gander of the Seattle Blue Goose.

Warren Munro, agent with Dooly & Co., Portland, Ore., has joined the army and will report for training shortly.

George A. Perry, principal casualty statistician of the Virginia corporation commission, has been commissioned a lieutenant in the naval reserve and given a leave of absence by the commission.

He is a former cadet at the naval academy. Courtenay W. Harris, fire rate clerk, plans to carry on his work in his absence.

R. B. Hill, 2d, son of Wm. Carroll Hill, Boston representative of THE NATIONAL UNDERWRITER for many years, has started training as a navy pilot at Squantum, Mass.

Joseph W. Limric of the Lehrer & Madden agency of Boston has been commissioned a captain in the army air force and has gone to Santa Ana, Cal., for training.

To Confer on Losses and Expenses of HOLC Cover

NEW YORK—Losses of the Stock Company Association have increased under its arrangement with the Home Owners Loan Corporation, and there has been a decrease in premium income. Losses and the expenses of handling the business have been carefully tabulated and will form the subject of conference between representatives of the carriers and of the H.O.L.C. shortly to be arranged.

The increase in losses has been the result to a considerable extent of the severe windstorms that have swept sections of the south and southwest in recent months, badly damaging many buildings.

Kemp Dargan President of New Texas Group

HOUSTON—The Texas Association of Managing General Agents was organized here with Kemp S. Dargan of Cravens-Dargan Co. as president, Blagden Manning, vice-president; Ray Coffman, secretary-treasurer. The officers with F. H. Duff, Julian E. Fruit, Irving Larsen and Barney Vanston make up the executive committee.

The purpose is interchange of information between members, discussion and solution of problems affecting general agents, establishment and maintenance

of the general agency business as that of managing and supervising offices, and perpetuation of the American agency system.

The association feels that through its executive committee the managing general agents will be able to work in closer harmony with local agents, companies and insurance authorities.

The Accident & Health Bulletin help get business. For information write 420 E. Fourth St., Cincinnati.

Cooperation for Uniformity

For years the National Association of Insurance Commissioners has been striving for uniformity in laws; in policy forms; and blanks used by Insurance Companies.

Great progress has been made in the past decade. There still is a tremendous amount of labor forced upon the State Insurance Departments in vising the contracts used by all companies.

In an effort to reduce the load carried by the Commissioners and Companies we have assumed, during the past 25 years, the responsibility of producing policies that conform to the laws of the State in which they are used.

To the supervisory officials of the State Insurance Departments and Insurance Companies, we offer our services and facilities towards further relief from the arduous task of vising insurance contracts.

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EDITORIAL COMMENT

Taking Advantage of Opportunity

ADVERTISING programs should always include publicity that takes advantage of some special event, occasion or incident. Local agents in their advertising have an opportunity to publicize themselves in case of a fire or other loss when the subject is being dealt with by the papers and the people are much interested. That is, advertising of this kind should strike when the iron is hot. When the people are asking questions and when any word relating to some subject or incident is listened to with interest that special time can be converted into excellent advertising.

The papers one day announced that the War Damage Insurance Corporation plans had been released. Insurance people quite naturally read with avidity everything that the papers published. Property owners at large were on the alert. The civil defense activities had brought to their mind the probability of bombing and hence when the opportunity for securing insurance protection was announced they began asking their insurance men questions. That always is an excellent time for advertising because the insurance people can easily attract the attention of the public.

Carrying the Message to More Agents

SOME of the state associations of insurance agents are realizing the necessity of carrying the message to the more remote parts of their jurisdiction. The annual and semi-annual meetings are carried on and they attract a certain attendance. The programs are largely educational and business building. There has been a vast improvement in programs in the last two years. Agents can now go to a convention and derive much benefit from it in a practical way.

However, the majority of the membership does not go to these larger conventions. The regional meetings have been inaugurated and they are bridging the gap. This gives the opportunity for members within a radius of 50 miles or so to go to an insurance meeting which in a way is a duplicate of the large conventions. Then some of the state bodies are going still farther and having more meetings so that within a

radius of 25 miles members can attend without inconvenience. These days, with automobile and tire restrictions and possibly country-wide gasoline rationing, the convention situation becomes more or less of a problem. In these more widely scattered conferences not only do local agents participate but the field men and some of the company office men take part. Many field men today have become quite expert in teaching.

There are so many changes in the business and they are so rapid that those that are in supervisory work need to keep strictly up-to-date. Therefore it is fitting that at all these meetings some well informed company men be present to give the agents the latest information so that they can be of greater service to their clients. This plan of carrying the association to the members is a step that will redound to its great credit.

Opportunity for Learning

FIRE and casualty men or those particularly concerned in broadening their scope of knowledge and making themselves more serviceable to clients are interested in the plans that are maturing for the American Institute for Property & Liability Underwriters that will be conducted more or less in conjunction with the American College of Life Underwriters which gives the "Chartered Life Underwriter" degree.

Let it be known that this is not a college or institution where resident students go to take a course. It is more or less of a correspondence course although it is decidedly more scientific than most of these courses, more rigid, and gives an insurance man a broader field for

study. The first examination will be held in June of next year at the same time that the "Chartered Life Underwriter" examinations are held and at the same places. The designation or degree that will be given by the American Institute will be "Chartered Property Casualty Underwriter" or C. P. C. U. This is rather an awkward designation with four capital letters but seemingly it was necessary in order to indicate to the average man on the street just what the degree means.

Inasmuch as Dr. S. S. Huebner and David McCahan of the University of Pennsylvania's Wharton School of Finance & Commerce charted the course for the life people they will follow pretty

much the same line with the American Institute. In connection with this educational body there will be trustees from the fire and casualty organizations and companies. The American Institute will prepare the courses of study and supervise the examinations. The curriculum for each of the five examinations and the standards of eligibility will be announced

shortly when the machinery is ready to move. The trustees have selected a president, vice-president, a dean, a secretary, a treasurer and counsel.

This is decidedly a most forward movement in the fire and casualty educational field which will bring to the business an opportunity for study and learning which has not been provided before.

PERSONAL SIDE OF THE BUSINESS

Robert C. Kennedy, supervisor underwriting department Factory Association of Hartford, celebrated on Monday his 40th anniversary with that organization. He was presented a watch suitably inscribed and also was given a basket of 40 roses and received congratulations and the good wishes of his friends and associates. Mr. Kennedy entered the employ of the F. I. A. in 1902 as office boy and mail clerk, was later advanced to clerical work in the underwriting department and subsequently was promoted to supervisor. He has for many years been supervising its business in New Jersey.

Arthur Ham, former insurance commissioner of Wyoming, is now located at Phoenix, Ariz. His health has been poor and he went to Phoenix because of the salubrious climate. For the past several years Mr. Ham has been located at Denver, representing the Western Conference of Insurance Commissioners, superintending the allocation of marine premiums by states. That connection was terminated in March. He continues to keep in touch with the insurance business and hobnobs frequently with Roy Rummage, Arizona commissioner.

R. A. Napier, head of the R. A. Napier & Co., supervising agency in Chicago, again this year invited friends to visit the peony garden at his home in Blue Island, Ill. This year the garden is open the week of June 7. Mr. Napier takes great pride in the flowers, some species of which he himself has developed.

Miss Mary Helen Whelpley, daughter of Mrs. D. A. Quarles of the "American Agency Bulletin" staff, was among the honor graduates at Smith College last Saturday, receiving the degree B.A. cum laude. She has already accepted a post in Washington, D. C.

Walter A. Rutledge, secretary of Farmers Mutual Hail of Des Moines, is seriously ill in a hospital in his city. He is about 80 years of age and is a veteran in Iowa insurance.

F. R. Bigelow, chairman of St. Paul Fire & Marine, has been reelected president of trustees of Macalester College, St. Paul.

Frank Bucino, Jersey City local agent and former president of the Hudson County Association of Insurance Agents, is slowly recovering from an accidental gunshot wound received while hunting in Monticello, N. Y., several weeks ago. For a time his condition was critical but he is now on the road to recovery.

Roy L. Nicholson, Milwaukee, state agent Michigan Fire & Marine and prominent in Wisconsin field activities for many years, has been elected com-

mander-in-chief of Wisconsin Consistory of Scottish Rite Masons.

DEATHS

William B. Bierce, Detroit agent, died at his home there. He operated an agency founded by his father in 1868.

Charles G. Schippel, 76, Sandusky, O., local agent, former county recorder and postmaster, died there.

Theodore A. Motheral, 76, prominent in Pittsburgh insurance activities for many years, died there. Mr. Motheral entered insurance in 1880 with the Delaware. Later he organized Motheral & Lea, an agency which continued until 1912. For the last four years he has operated his own insurance business.

Percy E. Usher, 56, engineer in charge of the Boston offices of the Eastern Underwriters Inspection Bureau, died at his home in Lynn. He had recently undergone an appendectomy. A native of Lynn, Mr. Usher began his insurance career with the Factory Mutuals in Boston in 1902 in the inspection department. He went with the old Underwriters Bureau of New England in 1915 and had served continuously with the organization.

Henry I. Lefavour, 81, head of the agency started by his father and one of the oldest active insurance men in Essex county, died at his home in Beverly, Mass.

Howard J. Manning, 53, chief engineer for the Ohio Inspection Bureau, Columbus, died Monday evening in Harding Hospital at Worthington, where he had been taken following a collapse after attending a fire prevention meeting at Akron. He was with the bureau 30 years, having charge of classification and property protection in Ohio and West Virginia. Mr. Manning was widely known in fire prevention circles.

H. Cecil Wasson, U. S. Aviation Underwriters' southern department manager at Atlanta since last October, died there. Mr. Wasson had been with the aviation group 14 years, at the home office and in other capacities. He has been manager in Atlanta since last October.

A. E. Bauch, 45, former Lewiston, Ida., local agent, died at the Veterans' hospital in Portland.

W. A. Gerhardt, 71, operating the Gerhardt agency at Neenah, Wis., in partnership with his son, C. F. Gerhardt, died unexpectedly from heart disease at his home on June 7. The agency was established in 1880 by his father, C. F. Gerhardt, whom he joined in 1902.



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"I'm interested in a comprehensive liability policy!"

Graded Costs Real Competitive Weapon Chicago Agent Says

Thomas J. Byrne, of Byrne, Byrne & Hahn, Chicago Class 1 agency, has sent a letter to a number of insurance organizations and rating bodies, urging general adoption of the principle of graded costs to meet non-agency competition. His letter was prompted by the recent adoption of a graded cost schedule for boiler and machinery business under which both premium and commission are reduced on the portion of the premium between \$500 and \$3,000, with a further reduction on amounts in excess of \$3,000.

Mr. Byrne's principal reason for writing the letter and making it public was the common belief that agents and brokers are opposed to graded costs. He believes that many far-seeing insurance producers have the same view, but that opponents of this principle in agency ranks have been more vociferous. His letter reads:

Sharp Blow at Competition

"We firmly believe this is the only way that we can successfully meet the competition of the direct-writing mutual insurance companies. We sincerely hope the various insurance associations throughout the country will do everything they can to further this constructive line of thought and action.

"We are pleased to note that the government recognizes this principle of lower acquisition costs for larger risks. Incidentally, it is the larger risks which the direct mutual companies have so successfully raided. It costs the mutuals very little more to solicit and service the larger risks than it does to solicit and service the smaller risks, for their salesmen are paid on a salary basis. Under the old commission plan of the stock companies, the larger the risk, the larger the spread in the acquisition cost between the stock companies and the mutuals.

"We sincerely hope the principle involved in the boiler insurance companies' new plan will prove contagious, in which case agents will make up in volume what they lose in commissions on individual risks.

"Rest assured this plan is the last

Convention Dates

June 11-12, South Carolina Agents, Columbia, Columbia Hotel.

June 11-13, National Association Independent Insurance Adjusters, St. Louis, Coronado Hotel.

June 12, Iowa field meeting, Des Moines.

June 15-17, Southeastern Underwriters Association, Hot Springs, Va., Homestead Hotel.

June 16, Connecticut agents, mid-year, Hartford, Hartford Golf Club.

June 18, Illinois Farm Insurance Agents Association, Peoria, Jefferson Hotel.

June 17-18, Minnesota field men, Brainerd, Pine Beach Hotel.

June 18-19, Illinois Fire Underwriters Association, Lake Delavan, Wis., Lake Lawn Hotel.

June 18-19, Wisconsin Fire Underwriters Association, Elkhart Lake.

June 19, Tennessee field men, Nashville.

June 23-24, Michigan Fire Underwriters Association, Onkama, Portage Point Inn.

June 24-27, National Association of Insurance Women, St. Paul, Minn., Hotel St. Paul.

June 29-July 1, National Association of Accident & Health Underwriters, Detroit, Statler Hotel.

July 21-22, Ohio Fire Underwriters Association, Cedar Point, O., Breakers Hotel.

June 26-27, Dakota Field Men, Alexandria, Minn., Geneva Beach Hotel.

Aug. 13-15, Minnesota Agents, Virginia, Fay Hotel.

thing that the direct-writing insurance companies want the stock companies to adopt."

Mr. Byrne's reference to government recognition of this principle is based upon the rating plan for cost-plus contracts originated by Maj. R. F. Hill of the war department, under which both company expense allowances and the fee of the "insurance adviser" are reduced as the volume mounts and also the plan for reduced premiums and commissions on large government contract bonds worked out a few years ago between the Surety Association of America and the National Association of Insurance Agents. W. H. Stewart of Chicago, chairman of the National association's surety committee, received the Woodworth award for the greatest contribution to insurance as a result of his work that year.

The name of the A. P. Pierce agency, Red Wing, Minn., has been changed to Barnhart Insurance Agency with Charles Barnhart as proprietor.

Where are you going ... this June?

Alliance Agents know exactly where they're heading this month. They're going toward more sales, and better profits. That's because the Alliance Agent plans business around an intelligent Seasonal-Selling Kit ... a campaign planned to hit special business right at its peak!

June selling is tied to Travel Insurance, and what could be more appropriate at a time when railroads are breaking all records, and hotels are jammed to the last room? Yes, June looks like a good month for Alliance men ... and it can be just as good for you. Write to us today about the Alliance Plan for Year-Round Selling. Get the jump on your competitors for the rest of the year!



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SAFEGUARD AMERICA'S

ECONOMIC POWER! ★

The worker needs financial protection off the job as well as on the job. Compensation insurance takes care of industrial accidents, but what about injuries not sustained during employment?

The fact is that accidents at home, on the highways, out of doors and in public places, occur with great frequency and they are just as costly in loss of income, bills for hospital, medical and surgical care and other disrupting expenses.

ON THE JOB

he is protected -
but what about his

OFF DUTY HOURS?



Aetna's new non-occupational accident policies are especially designed to meet the needs of the worker. They pay for accidents at home, motoring, engaging in outdoor activities, — all accidents except those occurring while engaged in one's occupation.

These new policies are part of a program to provide Aetna representatives with full facilities to meet war-time insurance needs. Agents, everywhere, are finding that more than ever, it pays to be an Aetna-izer.



THE AETNA LIFE INSURANCE COMPANY

THE AETNA CASUALTY AND SURETY COMPANY — THE STANDARD FIRE INSURANCE COMPANY
THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT

The NATIONAL UNDERWRITER

June 11, 1942

CASUALTY AND SURETY SECTION

Page Nineteen

Turn in Loss Ratio in Compensation Is Possibility

C. W. Hobbs Gives Report at Insurance Commissioners Parley

DENVER—The possibility of an increase in loss ratios in the compensation line was pointed out by C. W. Hobbs in his report to the National Association of Insurance Commissioners here. Mr. Hobbs represents the



C. W. HOBBS

commissioners in the National Council on Compensation Insurance. The loss ratios, he observed, have been steadily declining for eight years and the decrease cannot go on forever.

Cites Conditions of Day

"We have at the moment a vast reorganization of industry to meet the needs of war, with many young men called to military service, much labor going into war industries, with other industries suffering from lack of labor, lack of materials, and lack of means for making good depreciations of plant and equipment: presently in some parts of our country a critical transportation situation. These conditions make for a great change in the allocation of premium by manual classification: they make also for some increase in accident frequency. Both these elements would normally tend to an increase in average loss ratios. On the other hand, there is a counterbalancing wage element: though wages have been continuously fairly high, and there is presently some agitation in favor of clapping a price ceiling on wages, and for eliminating the double-time feature. Just what will happen to compensation loss ratios de-

(CONTINUED ON PAGE 28)

Propose New High-Low Plan

Assured Would Have Choice of Two Retrospective Schemes

DENVER—There was unveiled at the meeting here of the insurance commissioners a proposed modified and popularized version of the retrospective rating plan for compensation risks with premiums of \$1,000 and more. It is espoused by the National Bureau of Casualty & Surety Underwriters for nationwide application.

The plan has already been filed with the compensation rating board in New York.

The assured is given a choice of two plans. Under one scheme the maximum cost would be the standard premium; there would be no debit for bad experience beyond the amount of the standard premium. Under the other arrangement the assured would be liable for a penalty charge in excess of the standard premium, but the credits for good experience would be more generous than under the standard premium as top cost plan. The latter is designated as the return premium plan and there has been prepared a table showing for a given loss ratio and certain risk size the return premium formula. The percentage of return increases with the size of risk. The assured is entitled to a certain percentage of the difference between the permissible loss ratio and the actual loss ratio.

The bureau is especially eager to obtain approval of the proposal on an interstate basis, whereunder all the premiums and all of the losses on a given risk could be lumped.

The full scale of commissions would be paid on the first \$1,000 of premiums, that is a top of 17½ percent, and on the balance a top of 7½ percent would be paid.

Elwood Loss Falls on Mutual

American Mutual Liability is the insurer of the Elwood ordnance plant south of Joliet, Ill., the largest in the country, in which the explosion occurred that cost the lives of 34 with 14 others still missing and caused injuries to 47 as well as property damage many miles away. Chairman Borah of the Illinois industrial commission surveyed safety practices at the plant Wednesday. Borah said that more than \$300,000 would be paid on compensation losses.

This is the third accident of catastrophe proportions in munitions plants. There were two at Burlington, Ia. Liberty Mutual is the insurer there.

Just how the American Mutual Liability reinsurance is arranged is not known, but the general pattern of reinsurance of munitions plants risks under the War Department rating plan is believed to be fairly uniform. The reinsurers, in no event, are liable if the losses for the period of the policy do not amount to 90 percent of the standard premium, that being the maximum amount which the insurer may recover

Texas Issues Order on Truck Insurance

Affects Vehicles Transporting Volatile Liquids and Explosives

AUSTIN, TEX.—J. P. Gibbs, casualty insurance commissioner, announces adoption of an order by the Board of insurance commissioners effecting a reduction on insurance costs for certain types of motor trucks used in transporting gasoline, butane and explosives.

Effective as of June 1, the order eliminates the 50 percent surcharge for the automobile liability explosive hazard insurance coverage on gasoline trucks with a capacity of 1,000 gallons or less. The 50 percent surcharge for tank trucks with capacity 1,000 gallons or more has been reduced to 10 percent.

Under the order, the surcharge applying to all trucks transporting dynamite, nitro-glycerine and other explosives was modified to apply only when trucks are used principally in the hauling of such explosives.

The board also authorizes insurance companies to cancel policies pro-rata when the policyholder submits written evidence informing the company that the automobile has been taken out of service due to priorities, rationing or other war emergency conditions. Commissioner Gibbs explained that this would apply on automobile policies when a policyholder enters military service. An automobile liability policy canceled for these reasons will entitle the policyholder to a refund of the unearned portion of the premium.

"Because of war conditions," Mr. Gibbs added, "the automobile fleet plan has been modified to permit the suspension of coverage or layup allowance for automobiles insured, provided the automobiles are discontinued from use for a period of not less than 60 consecutive days."

In addition, the order extended automobile medical payments coverage for use to operators of non-owned automobiles at the same rate of premium provided for owned automobiles.

In another order the board extended the war department emergency insurance rating plan to and for use by the entire Navy department on its cost-plus-a-fixed-fee contractor's projects.

from the assured. If the losses do exceed 90 percent, then the reinsurers pay the excess of any catastrophe loss that may have occurred over a specified amount, which in some contracts at least is \$100,000.

To give an example. Suppose that \$500,000 is 90 percent of the standard premium in a certain risk. Suppose there were a catastrophe loss of \$350,000, and suppose that all other losses during the policy period amounted to \$150,000. Then the reinsurers would pay nothing. Suppose on the other hand the total losses, including the catastrophe loss ran \$800,000. Then if the deductible were \$100,000, the reinsurer would pay \$250,000, which is the excess of the amount of the catastrophe loss over the deductible.

Early Passage of Pepper Bill Is Expected

Possibility Still Exists That Casualty Companies May Be Administrators

The Pepper bill to provide federal compensation benefits on account of death and injury to civilians due to enemy attack has been reported out by the Senate committee on education and labor. It is now anticipated that the bill will move swiftly to passage.

Backing of the administration now is claimed for the bill because of the possibility of enemy bombings along the Pacific and Atlantic coasts and the toll of lives being taken by enemy submarines.

On several occasions during the hearings Senator Pepper asserted that the casualty companies would handle the administration of the act, particularly insofar as investigating and certifying claims is concerned. He made that statement to dispel the expressed fears of Senator Taft and others that the measure would entail creation of another vast government agency. The Federal Security Administration, which will administer the act, expects to confer with insurance leaders on the bill.

However, whether in the final analysis the companies will be invited to do this work is not certain. The primary responsibility is that of the Federal Security Administration.

Since no premiums are involved in the Pepper measure, administrative help would need to be much less extensive than in the case of the war damage corporation.

The legislation is extremely complicated and at nine points there is provision for the issuance of executive orders by the President, which introduces indeterminate factors.

Principles of the Bill

In general the bill provides for a scale of federal benefits, which vary among other ways by whether the victim was employed or unemployed. If the worker or his family receives benefits from an insurance carrier under a state compensation act, then the insurer is to be reimbursed by the government, whereas if he is not entitled to such benefits either because there is no compensation statute in the state or because the law excludes war caused accidents, then the victim would recover direct from the government. If the state benefits exceed the federal scale such as in New York, then the victim would get the full state benefits and the insurer would be reimbursed in full. If the state benefits were less than the federal, the victim would collect the difference direct from the federal government. There are thus a great many different factors involved. The casualty companies would be willing to go in after a bombing raid, for

(CONTINUED ON PAGE 28)

Surety Men Eye Effect of Excess War Profits Act

Bonding Companies May Be Left Holding Bag on Certain Contracts

NEW YORK—Surety men are greatly disturbed over a recently enacted federal law which provides for renegotiation of any contract in excess of \$100,000 made by the War or Navy departments or the Maritime Commission if profits made by contractors or subcontractors on government work are considered excessive and unreasonable.

This requirement was tacked on an appropriation bill, an unusual procedure, and escaped attention for some time. It apparently was rushed through Congress following disclosure of large profits made by a few firms on government war work. The surety company which guarantees performance of a contract in effect under the bill would have to guarantee repayment to the government by the contractor of any profits considered excessive and unreasonable. The law remains in force during the present war and for three years after.

Already Making Contribution

As a contribution to the war effort surety companies have accepted risks which might be regarded coldly by underwriters in normal times. In many cases contractors have organized companies specifically for the purpose of getting certain work, and after that work is completed the organization is disbanded. Some have been organized on a shoestring basis, more or less. It would take a long time to get around to a reexamination and auditing of all books in connection with such contracts and by the time that work is completed there is likely to be no one except the surety from whom the government could collect.

Has Retroactive Provision

Although the Associated General Contractors have been told the bill is not applicable to construction work, the bill explicitly provides that it shall be applicable to "all contracts and subcontracts hereafter made and to all contracts and subcontracts heretofore made, whether or not such contracts or subcontracts contain a renegotiation or recapture clause, provided that final payment pursuant to such contract or subcontract has not been made prior to the date of enactment of this act."

The secretary of the department concerned is directed to insert in any contract made after effective date of the act for an amount in excess of \$100,000 a provision for the renegotiation of the contract price at a period or periods when, in his judgment, the profits can be determined with reasonable certainty; also a provision for the retention by the United States or the repayment to the United States of any amount of the contract price which is found to represent excessive profits and an amount equal to the amount of the reduction in the contract price of any subcontract under such contract, the contractor being required to insert in each subcontract a provision similar to the one which has been made between himself and the government. The secretary must insert a provision for relieving the contractor from any liability to the subcontractor because of any amount so retained by or repaid to the United States.

The secretary of each department is authorized to require the contractor or subcontractor to renegotiate the contract

(CONTINUED ON PAGE 32)

Illinois Governor Luncheon Guest



W. T. Cline (left), partner in the Conkling, Price & Webb agency, Chicago, is shown here with C. W. Fairchild, manager Association of Casualty & Surety Executives, and Governor Green of Illinois (right) at the luncheon in Chicago given by Mr. Cline in honor of Mr. Fairchild.

The luncheon at the Racquet Club in Chicago given by W. T. Cline, partner of the Conkling, Price & Webb agency of Chicago, the other day for Claude Fairchild was featured by the presence of Governor Dwight Green of Illinois. Mr. Fairchild was in Chicago on his way to Denver for the meeting of the National Association of Insurance Commissioners. Frank A. Christensen, executive vice-president of America Fore, who was to have been guest of honor along with Mr. Fairchild, was unable to make the trip, as he had been called to Washington in connection with the War Damage Corporation setup.

The guests included some of the

leading insurance men of Chicago. From out of the city were S. B. Perkins, secretary of Travelers and Wallace Falvey, and Spencer Welton, vice-presidents of Massachusetts Bonding, who were going on to Denver. Guests included George Blossom, president of Fred S. James & Co., Wade Fetzner and Wade Fetzner, Jr., of W. A. Alexander & Co.; C. H. Burras, head of Joyce & Co., of Chicago; Lew H. Webb and L. W. Zonsius of Conkling, Price & Webb; Harry Fuller, vice-president of Zurich; Donald Wood of Childs & Wood; James Jennings, president of White Construction Company; Phil Collins, Chicago Class 1 agent.

Abrahamson Optimistic on Auto Liability Business

OMAHA—C. A. Abrahamson, Omaha general agent, does not share the general pessimism of agents toward the future volume of automobile liability insurance. He thinks that it will increase in spite of the decreased mileage of cars and the possibility that a percentage of them will be laid up for the duration. He believes that those who have been buying coverage in the past will continue generally to do so because the need will not be lessened even if usage is curtailed.

As for the group that has perforce bought its insurance through the finance companies and who have never really owned their cars because of their practice of buying a new one as soon as the old one was paid for, its members will find themselves, because they cannot buy new cars, in possession of title to cars for which they have fully paid. They will be in the market for insurance.

New car owners, limited in number though they will be, will also be potential buyers for obvious reasons, the need for protection against loss through the use of highways by cars grown old in service. The only remaining group is made up of owners of cars long in use and who have never bought insurance because they were judgment-proof and unable to pay for coverage.

Welcker Into N. Y. Field

George A. Welcker will now devote all his time to servicing Globe Indemnity agents in Queens and Richmond counties, New York. Mr. Welcker has been with the company a number of years in the engineering, inspection and underwriting departments.

L. A. Claim Men Hear Forker

LOS ANGELES—F. W. Forker, sales promotion manager of Pacific Mutual Life, addressed the Los Angeles Life & Accident Claims Association on "Business and the War Effort." He stressed that it is necessary for business to prepare for the close of the war and to provide a foundation which will find a place for the demobilized men in the services.

Missouri Superintendent Asks Public to Buy Warily

JEFFERSON CITY, MO.—The war has increased public concern about insurance, and Superintendent Scheufler of the Missouri insurance department has issued a statement to newspapers. He cautions buyers against dealing with unlicensed agents, brokers, or companies, and asks them to request the agent to produce his license. He warns buyers carefully to read advertising of any kind of insurance and to scrutinize policy provisions and endorsements.

Is Eyeing "Mail Order" Advertising

The department is making a special study of "mail order" insurance in an effort to eliminate as much as possible unfair and misleading advertising, he states. There has been some effort to "twist" business, and such efforts should immediately be reported to the superintendent, he states.

In connection with the war, "the public is urged not to become unduly disturbed because of the insertion of a war risk exclusion clause in the newly written policies," he states. "This is a protective feature for good company management, so as not to incur excessive losses. It is a safety move which has been invoked in war time since the days prior to the Civil War."

Md. Casualty Claim Parley

BALTIMORE—New developments in the handling of claims, particularly those created by the war conditions, were among the subjects discussed at a convention of claim managers of Maryland Casualty at the home office in Baltimore. The entire corps of claim managers attended the meetings. It was the first time in many years that the heads of all branch claim offices have assembled at one time at the home office.

The sessions were opened with addresses by Stewart McDonald, chairman of the board and president, Edward G. Lowry, Jr., senior vice-president, and Thomas N. Bartlett, manager home office claim department.

Rating of Interstate Risks Is Troublesome

Pink Suggests Several Solutions; N. Y. Will Await National Action

DENVER—There are many problems still to be solved by the companies and commissioners in connection with the rating of multiple location risks, Superintendent Pink of New York stated in his report on interstate rating and allocation of premiums to the National Association of Insurance Commissioners here. The same problems are found in both casualty and fire lines.

Rate regulation is difficult in one state, but becomes far more complicated when two or more states, to say nothing of 48, are concerned in a single risk. Some states have rigid rate regulations, others have none. Between the two extremes are states with various laws and regulations.

Fire Subject to Same Abuses

Workmen's compensation is the most rate regulated part of the casualty business. Automobile and other liability lines are generally free from rate supervision except in a few states. Although fire rates are regulated in many jurisdictions, the so-called "open states" and the dissimilarity of laws, rules and regulations in others leaves the problem of interstate risks in that branch of the business subject to the same abuses as in the casualty field.

Where compensation rates are regulated and liability rates are not, there is an opportunity to cut the premium for the liability portion to meet competition. A nominal charge of only \$1 in some states was found to be not unusual, he reported.

Rating laws were made distinctly for the states, and no proper allowance was made for the fact that big business in insurance, as in all other lines, is conducted on a nation-wide basis. The form of rating must follow the business and cannot be expected to conform narrowly to state regulations.

Must Enforce Laws

Mr. Pink pointed out that "we are obligated to enforce the law as it stands on our books although we fully realize that to a great extent the practice in larger risks does not conform to the law and it is very difficult to make it do so. Our thought has been not so much to punish as to find a remedy but it will be difficult for New York to find a remedy unless it is nation-wide in scope and unless all the states cooperate." Consequently New York is deferring action of a penal nature as far as it can until the National Association of Insurance Commissioners has had an opportunity to act.

Mr. Pink suggested that the remedy should be generally the same, but it may be found that the details of the plan will differ. Supervisory officials are and should be concerned with the problems involved, and the industry itself should be even more concerned if it desires to continue under the present form of supervision.

Among the solutions suggested are federal supervision, uniform state laws, formation by all companies of nationwide rating organizations with the rates, rules and regulations applying in all jurisdictions, amendment or repeal of present rate regulatory laws, exemption of certain classes of risks from the provisions of the rating law, and retrospective

(CONTINUED ON PAGE 33)

Give Results of Study of A. & H. Claim Complaints

Out of Each 10,000 Claims Paid, Only 12 Complaints Entered

DENVER—The report on the sampling of complaints of accident and health policyholders as to claims treatment that was made by the Health & Accident Underwriters Conference at the instance of the commissioners was presented to the commissioners A. & H. committee here Monday by Harold Gordon, executive secretary of the conference. By a method of projection Mr. Gordon found that there are 12 complaints to an insurance department for every 10,000 claims paid. Some of the results of the survey ran counter to what it was expected would be revealed. For instance there were fewer complaints on account of limited type policies and of policies of unlicensed companies than were anticipated.

Sampling in Eight States

Eight states gave full cooperation in the sampling. On special forms records were kept of complaints received during last August and September. There were a total of 244 complaints received by the eight states.

Of those complaints 79 pertained to commercial or non-can policies; 59 to monthly premium contracts; 44 to weekly premium; 16 percent to hospitalization and 3 1/4 percent to limited policies.

Sixty-six percent of the complaints were attributed to honest differences of opinion; 17 percent to misrepresentation by agents; 5 percent to misleading advertising and as to the rest no opinion was given as to the cause.

Of the complaints 84 1/4 percent arose over contracts of licensed companies, 5 3/4 percent unlicensed.

Sixty-one claims were rejected because of pre-existing condition of health and the other reasons were widely scattered.

The commissioners found that decline of liability was justified in 45 percent of the cases, unjustified in 40 percent and the departments gave no opinion on the rest.

The commissioners felt that 75 percent of the complaints were disposed of satisfactorily.

In these states plus California which gave total but not detailed figures the A. & H. premium income last year was \$110,400,000. The average annual premium was assumed to be \$14, which would mean 7,886,000 policyholders and assuming that one out of each six policies produces a claim there were 1,330,000 claimants. Projecting the August-September record to an annual basis there were an estimated 1,626 complaints or one complaint for every 10,000 claims paid.

McCormack of Tennessee, chairman of the committee, also raised the question of reserves on the portion of the industrial premium particularly of companies doing a Negro business that provides sick and accident business. This is in the nature of non-can A. & H., but yet non-can reserves are not put up.

Mr. Gordon outlined the plan for the issuance of a civilian war risk policy on a pool basis and the committee approved the project.

Robert Masterson, special agent of Fireman's Fund Indemnity, addressed the Pasadena (Cal.) Association of Insurance Agents on "Dwelling Lines, Including Burglary and Glass."

Big Turnout at Travelers Chicago Agency Meeting

The casualty agency meeting conducted by the Chicago branch of Travelers Monday of this week attracted an outstanding crowd of 182 agents for the all-day meeting and luncheon. The speakers from the home office were R. N. Allen, assistant superintendent of agents, who spoke on automobile insurance; B. J. Wormer, assistant secretary of the fidelity and surety division, who discussed bonds; H. D. Sherwood, assistant supervisor agency field service, who spoke on comprehensive liability, and A. N. Graves, agency assistant, who covered general liability insurance. The home office contingent left for a similar meeting in Milwaukee Wednesday.

Two Chicago office men, J. C. Bulmer, assistant manager, and Wallace Drawert, field assistant, were also on the program, discussing burglary insurance. James White, Chicago manager, presided.

Not Giving Up on Auto

Mr. Allen emphasized that the Travelers has no patience with "prophets of doom" who maintain that automobile insurance is finished as a major insurance line. It may and probably will be curtailed, he said, but the experience of the east in the gasoline rationing shows that cars are still being driven. The rationing plans, in fact, are intended for conservation, not for elimination of automobiles, as the government recognizes that the automobile is an essential part of American life and desires to prolong its use to the greatest possible extent. Actually, Travelers is showing a country-wide increase in its automobile premiums this year. Travelers, Mr. Allen said, originated automobile insurance and is not going to let it go.

IS ESSENTIAL INDUSTRY

An important duty of every insurance man, Mr. Allen pointed out, is to convey to clients that insurance is an essential industry rendering an important service. The public expects insurance to be maintained and even expanded under present conditions, because war has brought about many new risks which individuals cannot and should not be expected to carry. The government also expects this and has showed it by its utilization of the existing facilities of insurance to take care of the hazards attendant upon the heavy war construction. It also expects insurance to support the domestic economy and to aid the war effort financially. Among the important services of insurance are the conservation of life and limb, protection of property, activities of insurance men in anti-sabotage and other important work and financial services. Mr. Allen added that in connection with conservation of life and property, Travelers last year spent over \$2,000,000 in safety work and has spent over \$50,000,000 since the company began.

Mr. Sherwood said that enough comprehensive liability audits had been made so that the company has a good idea of the way the wind blows. Despite the dire predictions of others, and the occasional stories of difficulties encountered by other companies, he said that audits have proved that the confidence of Travelers in its agency and field force was fully justified. The company has had very little difficulty and expects little more.

There has been too much talk about the intricacies and requirements of comprehensive liability, Mr. Sherwood said. Fundamentally, it simply includes in one policy, without defining the hazard, liability which formerly had to be written under several separate policies or under a schedule liability form. He ad-

vised against trying to explain it by examples, on the ground that this tends to limit its scope in the mind of the prospect.

While comprehensive liability insurance is not all-loss coverage, Mr. Sherwood explained that it covers all liability of the assured, caused by accident, except as set forth in the four exclusions. He added that the limitation of liability to that caused by accident can be varied in individual cases where there is a legitimate exposure, but that it had to be incorporated in the basic policy so that the company would have a basis on which to rate the hazard.

Covers All But Exclusions

Mr. Sherwood explained the four exclusions, which deny liability for accidents caused by aircraft anywhere and watercraft and automobiles away from the premises, except, as to all these objects, operations performed by independent contractors; liability assumed under contract not defined in the policy; liability to employees of the assured and workmen's compensation liability; and liability for damage to property of the assured and, except as to elevator accidents, property in charge of the assured, as well as liability for damage to any property of the assured which may have caused an accident. He pointed out that the contracts defined in the policy and hence covered are warranties of goods or products, written or implied, and written leases, easements, sidetrack agreements and elevator and escalator maintenance agreements. He said that there are all kinds of strange and weird hold harmless agreements being executed. Many of these are serious and should be insured, but their possible scope is so broad that it would be unfair to both the company and the assured to undertake blanket coverage without an opportunity to examine them first. Mr. Sherwood also pointed out that contractual liability and product liability are optional coverages. They may be carried on a blanket basis, excluded altogether or carried on a non-comprehensive basis. It is important to explain this to the client. Likewise, property damage liability insurance is not mandatory, but most assured need it.

The important feature in selling comprehensive liability insurance, Mr. Sherwood emphasized, is to discuss the matter thoroughly with the client in advance, getting the assistance of field men if necessary, and being sure that the customer understands the entire situation. If this is done, trouble in losses and audits will be avoided. The cardinal sin in the insurance business is not following changes, and agents who have not informed their clients of comprehensive liability insurance are only asking a competitor to beat them to it. Not all assured can or should buy it, he concluded, but the only way to find this out is to canvass them now.

SURETY PROGRESS

Mr. Wormer, who was introduced by J. R. Henry, assistant manager in charge of the bond department in Chicago, said that Travelers Indemnity wrote over \$1,000,000 in surety business in 1941. It hopes to write \$5,000,000 in five years and to be one of the leading surety companies in 10 years, but that depends entirely upon the agency force.

Travelers, Mr. Wormer said, takes the position that its agents do not owe the company any bond business at all. It recognizes that many of its agents have had harmonious bonding arrangements with other companies for years and it will respect these. All that Travelers asks is an opportunity to show its agents what its bond depart-

(CONTINUED ON PAGE 24)

Cites Increased Opportunities for A. & H. Sales

W. F. White Is Reelected Chairman of Bureau at Annual Session

By DOROTHY B. PAUL

NEW YORK—The Bureau of Personal Accident & Health Underwriters, which usually holds a two-day annual convention, confined its activities this year to a one-day session here last week.

W. F. White, Royal Indemnity group, was reelected chairman of the governing committee.

Mr. White pointed out in his report the opportunities that lie ahead for accident and health insurance. The tremendous economic loss caused by accident and sickness in war-time becomes a serious menace to the national economy. Last year over 4,000,000 man-hours were lost by accident and sickness. The challenge is in the number of uninsured lost hours. What that amounted to will not be known, but the number of insured people in this country is rapidly increasing. In 1941 the premium income of accident and health insurance written by all classes of insurers was \$376,716,503, an increase of 33 percent over the previous year.

Many New Needs for A. & H.

Mr. White pointed out that accident and health insurance will be needed by an ever-increasing number of workers in war industries. He said that the average wage will be larger than last year, more women will be prospects because of their entry into the business world, and the increasing cost of medical care will prompt more people to protect themselves. School children and college students will become more likely prospects for adequate protection.

The thousands in civilian defense work will become accident conscious and they and many other groups offer a lucrative field for development, Mr. White said. While some underwriters feel that the loss of young prospects who have gone into military service and the increased taxation and higher cost of living will make inroads into the business, both of these factors make it all the more necessary to protect earned income. While it is difficult to solicit workers in war industries while at work, there is no better opportunity to sell insurance than when a man is in his home.

Cautions Against Hasty Decisions

He cautioned companies against hasty decisions regarding war problems unlike any that have been confronted heretofore.

"Upon us may depend the future solvency of our business and any hasty or ill-advised action on the part of any insurance company may lead to serious consequences," he said. "We owe a solemn duty to the insuring public in the fulfillment of our contractual obligations." Individual initiative should not be stifled, but this is not the time to experiment in untried fields with no experience available on which to base any equitable evaluation.

Chairman White said that the protection of human life is but a part of the war effort the companies face. Business all over the country is undergoing tre-



W. F. White

mendous changes and hundreds of factories not engaged in war efforts are forced to shut down because of priorities. These factories can and must be saved for the war effort. Agents can be helpful in adjusting this turnover to new fields of work. An insurance agent spots an idle machine and tells another client who has work to be farmed out. His contacts bring him face to face with these conditions every day.

Praises Committee Work

Praising the work done by the committees during the year, he called particular attention to the special committee appointed by Commissioner Caminetti of California to assist the department there in matters of common interest dealing with accident and health insurance. George Kemper, Fireman's Fund Indemnity, represents the bureau on that committee. He expressed gratification at the cooperation of the Health & Accident Underwriters Conference of which Harold R. Gordon is executive secretary.

An address on the "Medical Phases of Accident Insurance" was presented by Dr. McLeod C. Wilson, medical director, Travelers. He illustrated his talk with slides.

A great part of the day was given over to an informal underwriting forum under the direction of R. A. Payne, Travelers. There were 20 questions on specific underwriting problems. Participants in the forum were L. M. Willson, Century Indemnity; N. J. Brown, Hartford Accident; John F. Lydon, Ocean Accident; Armand Sommer, Continental Casualty; F. L. Templeman, Maryland Casualty; Harry Prevost, U. S. F. & G.; Stephen McLaughlin, Massachusetts Bonding; Charles F. McLaughlin, U. S. Casualty; Ray L. Hills, Great American Indemnity; James N. Whitaker, Employers Liability; Dr. C. V. Everitt, Preferred Accident; W. W. Cole, General American Life; Paul H. Rogers, Aetna Life; W. J. Hureau, New Amsterdam; Joseph Garneau, Hartford Accident; B. L. Sichelstiel, Reliance Life; L. B. Soper, Connecticut General; L. W. Winslow, Fireman's Fund Indemnity; Philip H. Sheridan, Fidelity & Casualty, and W. E. Kipp, Indemnity of North America.

Secretary-treasurer Ralph M. Brann followed his report with an announcement that the "Handbook on Accident & Health Insurance" which has been prepared by a special committee under the auspices of the bureau and the Health & Accident Underwriters Conference, will be published by THE NATIONAL UNDERWRITER. It is designed primarily to assist agents in preparing for the state examination for an accident and health license.

George Goodwin, Connecticut General Life, reported for the underwriting committee; E. S. Fallow, Travelers, for the statistical committee, and Logan Bidle, Aetna Life, for the committee on standard manual and uniform classification of risks. Resolutions were passed on the death of Bertrand A. Page, John E. Ahern and F. Robertson Jones.

The governing committee for the next year consists of Aetna Life, Connecticut General, Employers Liability, Great American Indemnity, Hartford Accident, Maryland Casualty, Ocean Accident, Travelers, U. S. F. & G. and Indemnity of North America.

Cohen Urges Simplified Wording

A strong plea for greater simplicity and clarity in the wording of accident and health policies was made by Victor S. Cohen, attorney for the New York insurance department. He was especially critical of efforts to construct a policy capable of meeting the technical tests of many court decisions, and was inclined to minimize the weight that should be given to those decisions. Most cases, he declared, are decided on their own individual merits and rarely on broad general principles. Courts and claimants are primarily concerned with the individual insured. Even though the tendency may be for the courts to favor the insured, "the failure to simplify and clarify terminology can only intensify an already unfavorable attitude toward the

companies on the part of some of the judiciary."

The primary object of the policy draftsman, he said, is a contract which clearly, concisely and completely informs the insured of his and the company's rights and liabilities. The insured should be able from the outset to comprehend the scope of his coverage without the assistance of an expert.

Calls "Accidental Means" Lost Cause

Insistence on the phrase, "accidental means," was one instance which he cited in this connection. He pointed out that there is an increasing number of decisions which refuse to distinguish between that phrase and "accidental bodily injury," and since the technical distinction certainly cannot be made by the policyholder, the company should use language that he can understand. The advocates of "accidental means," he declared, "are urging a lost cause."

In connection with the rejection of claims based on conditions alleged to have originated prior to the effective date of the policy, he urged the use of some form of incontestable clause, with the period fixed at a year, 18 months or two years.

He emphasized the importance of correct answers to certain questions in the

application which often result in the defense of "material misrepresentations," and suggested that the questions referring to insured age, occupation, income, physical condition and medical and insurance history be grouped together and printed in bold-face type or in ink of a color contrasting with the rest of the application.

Difficulties in connection with the application of maximum age limits also were reviewed, including the complaint that the policy had been carried for years and that when the insured needed it most, he was deprived of its protection. Coupling with this the quite general criticism that accident and health insurance fails to cover enough of the public who needs the protection, he suggested that it would be well worthwhile to consider an appropriate rate adjustment permitting the continuance of coverage of many insured who are now being cancelled out.

Aid Texas Slow Speed Drive

DALLAS—Texas insurance companies are helping the state to set the pace for the nation in reducing automobile speed to 40 miles an hour or under. More than 20 Texas life and casualty companies are cooperating by mailing envelope enclosures on the sub-

Gasoline Rationing Cuts Auto Accidents in Canada

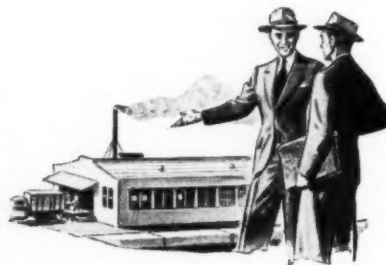
TORONTO—Preliminary figures show a substantial decrease in automobile fatalities and accidents since the introduction of gasoline rationing April 1, which is expected to have a favorable effect on operating results and loss ratios of automobile writing companies in Canada.

Incomplete and in some cases unofficial reports from five provinces, Prince Edward Island, Ontario, Saskatchewan, Alberta and British Columbia, show 1,100 traffic accidents in April compared with 1,892 in March and 1,769 in April, 1941. Fatalities dropped to 44 from 63 in March and 57 in April last year.

Ontario provides the most conclusive evidence of a decreasing accident rate. With about 47 percent of Canada's registered motor vehicles in this province, its accident rate showed a drop to 576 mishaps and 30 fatalities in April compared with 1,233 accidents and 50 fatalities in March. In April, 1941, there were 1,142 accidents and 41 fatalities.

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Q. Why should the Prudent Business Man buy the Comprehensive Liability Policy?

Q. Why should the Aggressive Agent offer the Prudent Business Man the Comprehensive Liability Policy issued by American Auto?

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ST. LOUIS • SAN FRANCISCO • SEATTLE

Big Turnout at Travelers Meeting

(CONTINUED FROM PAGE 21)

ment can do. Already many Travelers agents have been impressed with the excellence of the company's supplies, the capable assistance of its field men and its aggressive, but consistent, underwriting policy. All the 60 branch offices of Travelers have executing power and 31 of these offices have bond underwriters with ample discretionary authority. The surety personnel of Travelers has been drawn from 19 different companies, giving the company the advantage of varied backgrounds and viewpoints, and 138 assistant managers and field supervisors, as well as many countermen, have attended the home office bond school.

Getting New Business

A compelling reason for the entry of Travelers into the bond field, which truly makes the company the world's largest multiple line insurance company, Mr. Wormer said, was the conviction of company officials that the fidelity bond field is undersold. Travelers regards its agency force as the best selling organization in the world and felt that the fidelity field was a real challenge. That it is meeting this challenge is shown by the fact that up to April of this year 62 percent of its blanket fidelity bond risks, representing 53 percent of the premiums, have never been bonded before.

Mr. Wormer reviewed the bond lines, pointing out that four of the five general classes, contract, judicial, license and permit and public official, are not sold, the need being created by law or business situations. Agents get this class of business by exposing themselves to it. The fifth class, fidelity and forgery, must be sold and here is the challenge.

GENERAL LIABILITY

Mr. Graves blasted the universal theory that the liability hazards other than automobile are minor by a survey of representative branch offices, which showed that bodily injury liability claims covered by general liability policies over a given period outnumbered automobile liability claims more than two to one. In the Chicago office, the ratio was more than three to one. General liability insurance is Travelers third largest line, with 1941 premiums of over \$9,000,000, and was the fastest growing line of Travelers during the last decade.

There is a tremendous market for general liability insurance, Mr. Graves pointed out, but unfortunately too many people think only of owners, landlords and tenants and manufacturers and contractors liability insurance. They forget product, teams, independent contractors and elevator liability insurance. Unlike many companies, Travelers regards product liability, the greatest unexplored field, as desirable business, except for a few classes. Teams liability is coming back, under present automobile conditions.

Little Competition

General liability is an important line to push now, Mr. Graves said, because it is unlikely to be adversely affected by the war. There are no war risk exclusions and the number of accidents in every blackout shows that the need will increase. Premises cannot be laid up like automobiles. Further, there is very little competition. It takes the manpower of an agency force to sell it, so the direct writing mutuals have neglected it, confining their efforts to compensation, which is required by law, and automobile liability insurance, which is well known and taken for granted by many members of the public. There is a very low lapse ratio and the line is profitable to the company, which makes underwriting liberal, so the situation is ideal. One of the

greatest selling weapons is newspaper clippings, which help dispel the almost certain feeling of a prospect that an accident cannot happen to him.

Mr. Graves also traced the evolution of general liability insurance. At one time, it was given away with employers liability coverage. When it became a separate line, the difference in fundamental hazards led to the development of two basic policies, one for the assured whose risk was mainly that of premises and the other for the assured whose exposure varied with his activity and thus could be rated on a payroll basis. Elevators, products, teams, independent contractors, etc., were excluded from both, and separate policies were developed to cover them. In June, 1940, the schedule form made its appearance. This made it possible to cover these different divisions under one policy. Then came the comprehensive liability policy, but the cost of this means that a tremendous volume will still be written under the schedule form.

BURGLARY LINES

Mr. Bulmer reviewed the commercial burglary forms, pointing out that only two of the 15 different commercial forms cover the risk of burglary only. Some of these policies cover all risks and some do not cover burglary at all.

The two burglary policies proper are the safe and open stock contracts, and the latter may be extended to cover larceny. The coinsurance clause in the open stock policy is the same as in a fire policy, except that it sets up a maximum requirement, called the coinsurance limit, which varies with different businesses. If the assured carries insurance equal to the coinsurance limit, he meets his requirements, even though his actual values may be greatly in excess of this limit.

"Package" Policy

The paymaster and messenger policy and the office and store contract cover robbery only. The very popular storekeepers policy is a "package" contract, covering seven different hazards in the amount of \$250 each, and up to three policies may be written for any one assured. The office policy is similar, but intended for a different type of risk.

A number of new forms, some of them covering all risks, are grouped in the manual as miscellaneous coverages, Mr. Bulmer said. They are the money and securities all loss policy, which covers practically every hazard except open stock burglary insurance, the money and securities destruction policy, which is more limited, the securities all risk policy, the comprehensive dishonesty, disappearance and destruction form, the accounts receivable policy and the valuable papers policy.

Mutuals Not a Factor

Mr. Bulmer also pointed out that there is very little mutual competition in burglary lines. In 1941, out of \$30,000,000 burglary premiums, mutuals wrote only \$1,200,000—less than Travelers alone wrote. He said that the experience in England shows an increase in burglary and other crimes since the outbreak of the war, many of these crimes being committed by persons who had previously led blameless lives, and that Americans should be warned against this probable crime wave and urged to protect themselves by insurance.

Broad Residence Form

Mr. Drawert explained the residence burglary policy, pointing out that the title is very misleading. The policy covers robbery, theft and larceny, in addition to burglary and also covers outside the assured's premises to a great extent. He explained the four methods



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of writing insurance, divided cover, 50 percent blanket, 100 percent blanket and specific coverage, and also the outside premises section of the policy.

The need for burglary insurance is shown, Mr. Drawert said, by the fact that in 1941, 1,531,000 major crimes were committed in the United States, costing the American public \$15,000,000,000. Of these crimes, 96 percent involved taking of property and only 4 percent personal violence or injury. Of this 96 percent, only 11 percent were automobile thefts, showing the volume of crime lost to be covered by burglary insurance.

COMPENSATION

Accident Frequency in Industrial Plants Shows Upward Trend

NEW YORK—The upward trend of accident frequency in industrial properties mainly is attested through increases in workmen's compensation insurance rates in a number of states, and it is expected that like action will be taken in several other commonwealths where rate revisions are pending. Rate changes to become effective July 1 with their respective average percentage increase include: Kansas, 2.8; Oklahoma, 1.5; District of Columbia, 4.2; New York, 5.9, and New Jersey, 6.

As a partial offset the revised rates for Kentucky, also to become operative July 1, reveal an average decrease of 5.4 percent. A study of the experience on risks that have hitherto shown a profit discloses that many now report claims in increased number and severity, a result regarded as due to employment of new and green employees, and the increased tempo.

New Ruling Cited in Mass. State Fund Petition Situation

BOSTON—The attorney for labor interests took advantage of a new decision of the Massachusetts supreme court on the birth control initiative petition to reopen arguments on the proposed initiative petition of labor for a monopolistic state workmen's compensation fund.

The high court ruled against the ballot law commission, which had thrown out the birth control petition on the ground one of the original petitioners was not a legal voter in Boston, the address given. The court ruled the commission had no authority to rule on the legal residence, found the voter in question was legally enrolled in Cambridge and ordered the petition placed on the ballot for next November.

Counsel Wallace, for labor, appeared before the ballot law commissioner and argued that the commission had no authority to throw out a signature on the state fund petition except where such individual signature was found to be fraudulent and protested the throwing out of complete sheets of signatures where the circulator of the sheet admitted not being present when the voters affixed their names.

Law Is Specific

Counsel Rugg, for the insurance interests, maintained his former stand that the law expressly stated that the circulator of a petition must personally witness the signing of the names on each sheet circulated by him or her, and must sign a jurat at the bottom of each sheet to that effect. He contended violation of such provision of the law should invalidate all the names on such sheets.

Mr. Rugg declared there had been abundant evidence of forgery and fraud on the petition, amounting to several thousand names, enough to bring the total number of valid signers below the legal requirement of 20,000 signatures.

It is expected that should the decision of the ballot law commission go

against the insurance interests, they will take the matter to the supreme court in the hope of being sustained in their contention that the required legal 20,000 signers of the initiative petition were not secured.

Ask Change in Tenn. Setup

CHATTANOOGA, TENN. — The Tennessee Federation of Labor, in annual convention here, adopted a reso-

lution recommending administration of workmen's compensation insurance by a commission instead of the courts, asking for an exclusive state insurance fund, for blanket coverage of occupational diseases, computation of benefits at the average weekly rates of the employee at the time of injury, medical care with no limit as to either time or money, and increase of benefits to the level of the average in other states. The reso-

lution pointed out that Tennessee is one of only seven states where compensation insurance is administered by the courts.

Aetna Campaign in June

The Aetna Life affiliated companies are conducting a nation-wide accident and health campaign during June. Prizes to producers will be in war stamps and bonds.

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Tackle Problem of Interstate Rating

Commissioners Seek Views of Underwriters; Suggest Retrospective

DENVER—The vast problem of interstate rating in all branches of the business except life was tackled in an ambitious way at the insurance commissioners convention here. The committee of which Pink of New York is chairman held a heavily attended session Tuesday afternoon. Mr. Pink read the report on the extent of the problem, which is referred to elsewhere, and C. W. Hobbs of the National Council on Compensation Insurance read a resolution. It provides that the compensation insurers and rating organizations make provision for retrospective rating of interstate risks. When insured by a single company an interstate risk shall be insured under a single policy and in accordance with the retrospective rating plan, applied interstate if the standard premium is \$1,000 or more. The retrospective plan shall be that of the state where the risk has operations and employees. From the rating may be omitted so much of the risk as is in a state that prohibits retrospective.

National Council to Have Supervision

Reporting shall be to the National Council and the council shall have supervision of any risk that is located in part in an unregulated state without violating any state law. The council shall report annually to the commissioners on the details of the experience. The resolution asks those commissioners who have disapproved retrospective rating to consider the matter anew. The commissioners had also been supplied with a lengthy statement on the interstate risk problem gotten out by the Western Conference of Insurance Commissioners. Eugene Fay of the California department said this report sets out 12 principles involved in producing desired uniformity.

William Leslie Heard From

William Leslie, National Bureau of Casualty & Surety Underwriters, said the present plans do not correctly take care of large risks. A plan of graded costs by size of risk applying to both intrastate and interstate business is needed. Where the premium is correctly measured there is no room left for debasing the premium in non-regulated states. He pointed out that the bureau has submitted specific plans to the New York Rating Board and to the National Council.

Rouillard of New Hampshire contended the plan falls short because it applies only to compensation, and the opportunity would still exist to cut rates on other lines in order to bring the cost of the entire insurance package down.

W. H. Bennett, National Association of Insurance Agents, said the commissioners and the business need more time to weigh all the implications of the plan. A. V. Gruhn, American Mutual Alliance, also said much study of all the material is needed. He expressed doubt that machinery could be set up to enforce voluntary agreements pertaining to non-regulated states and he said the companies in view of the Thurman Arnold threat, might shrink from entering into pacts in non-regulated states. Mr. Hobbs admitted the problem of administration in non-regulated states is difficult.

Problem in Fire Insurance

J. R. Barry of Corroon & Reynolds spoke of the problem in fire insurance. He said the companies because of economic changes are forced to make judgment rates, the old laws being impossible to apply. If a new plan is adopted further economic changes will compel resort to judgment rates before long.

Vincent Gallagher, Pearl, said the fire

Ploeser Urges Insurance to Go on Offensive

PITTSBURGH—It is high time the insurance business stopped mere legal defense of its position and launched an offensive against government encroachment, Walter C. Ploeser, member of Congress from Missouri and a St. Louis agent, asserted in his talk at the Pennsylvania Insurance Days meeting here Wednesday.

The U. S. department of justice will try to prove monopoly in the fire and later in the casualty business, Mr. Ploeser said. He is a member of the House small business committee and has taken a special interest in governmental infringement on business.

He warned insurance people not to trust the love some in Washington now are making to "free enterprise" because the real objective is the creation of the biggest monopoly of all, that of government control in business.

Insurance is a business of great public service, and its assets are held in trust for policyholders, he said. It is the obligation of the industry to go on the offensive as a part of its program of security to those policyholders.

Collective Rating No Crime

Collective rate making is not a crime, but it will be contended that it is, he asserted. Actually it is one of most basic reasons for low rates to policyholders. Then the public must be told through extensive advertising, with every policy the agent delivers.

Company organization is not a crime, but the government will argue it is. Why not tell the public the reasons, methods and results of company organization.

Public service is not a crime, he said, and it is time "we told the public that ours is the grandest service in the world."

business has not suffered by reason of application of judgment rates. He said the commissioners should tackle such problems as countersignature laws and allocation of premiums.

The committee then went into closed session and later adjourned for the day.

Recommendations in the Hobbs resolution include:

Recognition that the needs of commerce and industry doing an interstate business present a demand for the insuring of interstate multiple location risks in a more convenient manner; recognition that there is no discrimination where the classification is reasonable, and that multiple location business meeting certain specified conditions is a reasonable special classification; recognition of the savings in insurance costs on interstate multiple location business; approval of a uniform schedule of credits giving effect to these savings; requirement that the basic rates for values in both rate regulated and non-rate regulated states, from which average rate before application of credits is computed, be consistent with and not less than each company's normal schedule of rates in use in such; elimination of underlying policies and substitution of a countersignature endorsement reciting that specified values (subject to adjustment) in the state have been insured under an interstate master contract at a given rate; incorporation in the master contract of a general provision to the effect that "in any state requiring a standard form policy, insurance hereunder on values and properties in such state shall attach and cover as if written on such standard form."

Other Provisions Recited

Also: Observance of the laws of those states prohibiting the payment of commissions on insurance on subject matter in such states to other than licensed persons; allocation of premiums for tax purposes on the basis of the state

Workmen's Livery Class Set Up in Mass.; Rates Cut

BOSTON—Under authority of his war emergency powers Governor Saltonstall of Massachusetts will issue this week a proclamation which calls for enrolling private passenger cars of workers in war industry in a class of workmen's livery automobiles. The regular charge for guest coverage, extra-territorial liability coverage, amounting to some \$3.50, would be reduced by some 30 percent. Cars carrying workers outside the state would be covered if the trips start and finish in Massachusetts.

The insurance companies would thus be assuming an additional liability through private passenger cars being allowed to carry up to seven passengers without the usual extra charge.

Provides for Refund

The proclamation authorizes the commissioner of insurance to go outside the law and permit a refund of insurance premiums to motor vehicle owners, in the interests of "conservation of gasoline, rubber and motor vehicles, important to the successful operation of the war." The refund would be for the remainder of the year and it is suggested the actual refund be made at the end of the year, or deducted from the renewal premium paid at the first of next year.

Nothing in the governor's proclamation makes provision for waiving the \$1.50 extra charge for registration of private cars for livery use, this being a function of the motor vehicle department.

The Massachusetts Automobile Rating Bureau has called attention to the fact that there is no experience on hand on which to base arguments for a reduction in charges or rates for use of automobiles, and specifically mentions as additional hazards at this time (1) increased pedestrian and highway traffic; (2) increased traffic of all kinds in defense areas; (3) larger number of persons riding in one vehicle, thus increasing the possible number of deaths in one accident; (4) serious accident hazard from blackouts and dimming act and (5) the increased age of automobiles and tires.

New State Farm Suit in Wis.

MADISON, WIS. — Following the recent ruling of Federal Judge Stone at Superior, Wis., that the case of the State Farm Mutual Automobile against Commissioner Duell should be heard by a state court, the company has filed a second suit in circuit court here to compel Commissioner Duell to grant it a Wisconsin license. Judge Hoppmann has set June 29 as the trial date. The company also will seek a permanent restraining order enjoining the commissioner from interfering with its business.

Responsibility Bill in La.

The Louisiana legislature has before it an automobile financial responsibility measure, patterned very closely after the New York law. It stipulates, however, that the property damage inflicted by a car must be at least \$100 before notice of accident is required. In New York the minimum is \$25. Another bill would compel assured as well as the carrier to be named in any motor car damage action. The existing law allows the insurer to be sued directly and solely.

specified in the countersignature endorsement applied to the correct values in each state; establishment of a grievance committee; establishment of a permanent committee of the commissioners on interstate insurance; individual subscription by each commissioner to the plan insofar as consistent with the laws of his state.

Officials Again Ponder Unadmitted Company Problem

DENVER—The perpetual subject of unadmitted insurance companies at meetings of the National Association of Insurance Commissioners got a nod again at the Denver convention this week. Director Fraizer of Nebraska presided at the committee meeting.

Mr. Fraizer said the committee had communicated with the commissioners of all states whose legislatures were in session, citing the N.A.I.C. resolution adopted at the Detroit meeting in 1941. That resolution suggested that each state pass a law limiting domestic insurers to operating in states in which they are licensed. Legislation was introduced in Mississippi and Virginia and a law was passed in the latter state. The Virginia statute pertains exclusively to life insurance. It prohibits a Virginia company writing life insurance on residents of states in which it is not licensed, unless the assured is personally present in a licensed state for consummation of the contract. Also renewals of contracts are excepted and certificates under group policies may be issued without limitation if the master contract is written in a state in which licensed. The law operates only on a reciprocal basis, however.

Harrington of Massachusetts said the law of his state prohibiting publications and radio from advertising non-licensed companies has been effective, but the invasion of such companies by use of the mails is still uncontrolled.

T. J. Cullen, first deputy of New York, said his department had given consideration to sponsoring the bill recommended by the commissioners, but feared it might not be adequate. He said the unadmitted companies fall into two classes, the legitimate insurer and those that are operating on an unscientific basis. The individual commissioners, he suggested, should cause the unsound companies to get on a proper basis or get them out of business. He said the unsound type is limited largely to the life and A. & H. field.

Scheufler of Missouri said these meetings on the problems of the commissioners serve the purpose of causing the state officials to understand each other and facilitate the handling of specific cases between the commissioners throughout the year. Mr. Scheufler said if each commissioner would wield a club on his own companies under his basic powers much could be accomplished without the need of legislation.

Berry of Michigan read the law of his state which limits Michigan companies to operate in states in which they are licensed.

Mannos Given Prison Sentence

BOSTON—Paul Mannos of Brookline, who achieved great notoriety a few years ago as president of the defunct Canton Mutual, was given four concurrent three- to four-year state prison sentences by Judge Williams in Middlesex criminal court, as a result of his conviction on bribery charges in March 1941. Mannos' sentence was deferred while he turned state's witness and helped to convict a former state commissioner of public works, John W. Beal, of giving bribes. Mannos completely repudiated the testimony given in his own behalf in the former trial and admitted perjury, when he testified for the state in the more recent case. The court declared such conduct did not entitle him to any leniency.

Liebrock Heads Knockers Club

H. F. Liebrock of the R. A. Napier & Co. agency was elected president of the Knockers Club, Chicago organization of casualty executives and underwriters, at its annual outing Tuesday. W. J. Patterson of Starkweather & Shepley was named secretary.

Continental Casualty's Bicycle Coverage Plan

Continental Casualty has announced its plans for insuring bicycles, full coverage for the larger cities being \$10 and the other zones \$7.50. It provides bodily injury liability, property damage, comprehensive fire and theft and \$5 deductible collision. The company will write for \$5 the personal liability and property damage anywhere in the country. There is a limit of \$50 for fire and theft and \$50 for collision. A breakdown of the premium on a \$10 coverage would be \$3 for \$2,500 bodily injury; \$1.50 for \$500 property damage; for fire and theft \$3.50; collision, \$2.

The following automobile changes are now in effect:

Medical payments coverage is now available for policies insuring school buses. Garage dealer policy minimum premiums have been reduced 40 percent. Employers non-ownership liability coverage can now be broadened to cover the employer for the operation in his business of a commercial car owned by one of his employees. Suspension of cars is now permissible on a fleet risk written under the automatic coverage form policy.

World Names New Texas and Missouri Managers

World of Omaha has appointed E. M. Sturman state manager for Texas, with office in the Milam building, San Antonio. Mr. Sturman has been with the company several years in various capacities. He has a wide range of experience and an exceptional knowledge of the business. Mr. Sturman will have associated with him A. V. Jamison, who has had a number of years of experience and has been with the company's Cleveland office.

Claude C. Renow has been appointed state manager for Missouri and has established his office in the Cotton Belt building, St. Louis. He has had a number of years of experience in the accident and health field. He formerly represented Massachusetts Protective for Missouri and part of Illinois and was at one time manager in Chicago of Mutual Benefit Health & Accident.

Hartford Accident Rallies

The series of round table conferences by the western department of Hartford Accident with agents at various points in the midwest states has been so successful that they are being continued throughout the remainder of the territory. Another will be held at St. Charles, Ill., June 16; Peoria, June 19; Madison, Wis., June 24, and South Bend, Ind., June 30.

The "golden opportunity" lines of burglary; fidelity, judicial license and permit bonds; general liability, personal accident and accounts receivable and valuable papers coverage will be discussed in an informal, question and answer way.

George H. Moloney, vice-president and western manager, and other executives and department heads in the western department at Chicago will be on hand at these meetings to answer agents' questions. At each meeting agents will be guests of the company at luncheon.

Kidd Handles Government Service

Hartford Accident has appointed John Kidd superintendent of the government service department in its Washington branch.

To Treat War's Effect on Fleets

Rufus G. Jasper, fleet engineer of the National Safety Council, will conduct a course in fleet safety in war time at the National Institute for Traffic Training to be held at Yale University, New Haven, Conn., June 15-26. Fleet safety will be the principal subject studied at the institute, which will consider the experienced driver shortage, which means employing women and men over 45;

methods of saving tires and equipment; maintenance, overloading, blackouts, air raids, etc.

Arizona Premiums \$3,208,590

Total premiums received by casualty companies in Arizona last year were \$3,208,590 as compared with \$2,708,808 the previous year. Losses in 1941 were \$1,182,221, compared with \$1,214,053 the previous year. The leading companies were Farmers Auto of California, \$156,721; Globe Indemnity, \$139,609; Hartford Accident, \$294,483; Metropolitan Casualty, \$132,006; Mutual Benefit Health & Accident, \$201,786; State Farm

Mutual Automobile, \$214,813; U. S. F. & G., \$106,499.

Workers Covered While on Bus

ST. PAUL—The Minnesota industrial commission has given an opinion, at the request of a local agent, that a crew of men transported to a nearby defense plant in a company bus is covered by compensation insurance from the time they enter the bus, although their work day does not begin until they reach the plant. The agent involved is writing the public liability and property damage on the bus and

under this opinion omitted passenger coverage in the policy.

To Revise Minn. Fleet Ruling

ST. PAUL—Because of objections from some companies to his recent ruling on fictitious fleets, Commissioner Johnson is preparing an amendment to his ruling which is expected to be issued within the next week. On May 4, he directed all companies writing automobile liability, property damage and other auto coverage to furnish his department with the name and address of owner and license number on each car insured under a fleet policy.



Central Surety has pioneered many coverages now found in standard policy contracts. It expects to continue working with agents and the insuring public toward providing an increasingly efficient and adaptable insurance service.

CENTRAL SURETY AND INSURANCE CORPORATION

HOME OFFICE KANSAS CITY, MISSOURI

R. E. MCGINNIS, President

SAN FRANCISCO

CHICAGO

NEW YORK

Early Passage of Pepper Bill Is Expected

(CONTINUED FROM PAGE 10)

instance, investigate the extent of injuries to each individual, classify his standing, make a complete inventory to avoid the possibility of multiple payments to a single individual, and certify the claims to the social security board.

Payments would be made to civilians injured by enemy action or other war time casualty such as might be sustained in a blackout, relief of communities sustaining war damage, payments to persons owing allegiance to the United States, such as Filipinos. There is direct coverage in the U. S., Hawaii, Alaska, Puerto Rico and Virgin Islands, but benefits could be extended to the Philippines by executive order. The bill would not cover losses suffered by Americans working on bases in India, Ireland, etc., since those workers are covered by contract. The measure as it now stands protects merchant seamen who may not be adequately covered under merchant marine insurance laws. It would cover war prisoners.

The mechanics of the Pepper bill are rather generally endorsed. This was one of numerous proposals. One suggestion that was abandoned was that the compensation rates in each state be loaded perhaps 2 percent and the revenue segregated to pay war caused claims. The principal objection was the probability that the authorities in some of the inland states might balk at approving such a loading.

Fear Is Expressed

There is considerable fear that the operations of the Pepper bill might after the war graduate into a system of compulsory federal health insurance. There are a number of prominent personages in the social security board who are reputed to have extremely ambitious designs. In the Pepper bill there is a provision that the benefits terminate in five years. Hints have been given that some of the economic planners are intending at that time to switch the setup into a peace-time health insurance operation.

Since the bill, when passed, will be retroactive to Dec. 7 there is no special reason for speeding its passage.

As reported out, the bill shows no important late changes. It contains some amendments by Senator Taft but these do not affect the sections of interest to insurers. Where the bill originally had provided that its provisions could be extended to outlying possessions by executive order, Senator Taft's amendments would include the provision that these possessions would be automatically covered. Another of his amendments would cut down the scale of benefits to air raid wardens and others in civilian defense work which had been criticized as being unduly liberal.

Loading Is Barred

Among the other respects in which the final version differs from the original bill are a provision that insurance companies compensated for workmen's compensation payments due to war injuries or deaths may not collect if there has been included in the premium an additional charge for loading to cover the war hazard. The barring of recovery where a loading is included in the premium is of no material importance to insurers as they have never included a war risk loading in compensation premiums and have not contemplated doing so.

Title I, which includes the sections on reimbursements for workmen's compensation payments, and Title II, covering the relief of wartime civilian distress, are administered by the Federal Security Administration. Title III dealing with compensation for injuries, deaths or detention of employees of contractors having contracts with the United States in outlying bases is administered by the United States employees compensation commission. It provides for reimbursement to carriers

which have been called on to pay compensation for war risk as defined in the act.

Title IV contains miscellaneous provisions including definitions, such as what is meant by "United States," and the exact meaning of "war hazard." Though there are some spots in this definition which could have been more accurately worded it seems pretty clear on the whole and to hold little danger of companies having to pay compensation claims that are not in line with the definition and yet are clearly war hazard claims.

One point that might be a source of trouble is the finality of the decisions of the administrative bodies. The bill provides that there shall be no appeal from the rulings of the social security administrator or the United States employees compensation commission. No one is allowed to go behind the findings of fact or the conclusions of law handed down by either of these administrators. For example, a company might take the position that certain compensation injuries were due to war hazard and the social security administrator might hold that the injury was due to a non-war cause and the company was not entitled to reimbursement, and the latter decision would be final.

Trouble from such a difference of opinion could most readily arise in a case of suspected sabotage. It is usually extremely difficult to prove that a given accident was the result of sabotage, which, being an enemy action, would entitle the insurance carrier to reimbursement. If the social security administrator decided that there was no sabotage there would be nothing that the compensation carrier could do about it.

Turn in Loss Ratio Is Possibility

(CONTINUED FROM PAGE 10)

depends on events that cannot be predicted with any confidence. There is at least the possibility of an increase in loss ratios, and something more than a possibility of increasing loss ratios during the period after the war."

For the past eight years, the system has been in operation of comparing actual with estimated losses and to chalk up the difference either as a credit balance or a contingency loading, depending on whether the estimated exceeded the actual or vice versa. At present all but two states have credit balances and they are substantial. This creates the problem of what to do about them.

Recommendations

Mr. Hobbs recommended:

(1) That no action be taken calculated to reduce the credit balance below a point sufficient to guarantee the state against the necessity of a contingency loading for some years to come.

(2) That credit balances in excess of this figure be reduced by a regular and moderate procedure, either (a) by reducing rate increases indicated by current experience, eliminating all less than 2.5 percent and reducing by 2.5 percent all in excess of that figure, or (b) by the introduction of a graded negative loading factor, the size depending on the excess above the point selected as the maximum retention.

This procedure seems calculated to avoid violent fluctuations in rate.

National Defense Projects

Mr. Hobbs in referring to the insuring of national defense projects, pointed out that the experience on these risks is being eliminated from all normal rating procedure.

"Apparently," he said, "there has been some difficulty, here and there, in squar-

ing the plan with existing laws as to rate regulation, policy forms, etc. At least one state found an amendment of its law requisite. Generally the states and supervisory authorities have desired to cooperate with the War Department and to go as far as they reasonably could in assisting it in its prodigious task. Generally too, it may be said that the War Department's handling of its insurance problems has been sensible, and as considerate as was consistent with keeping governmental insurance costs at a reasonable level. Every large enterprise treats its insurance needs as a unitary problem, and would like to handle it with as few divisions as possible. Ordinary state policy has been to require it to be broken up by lines, with not infrequently more than a single policy per line. The government evidently felt the same necessity; and its requirements were respected, albeit with some departure from existing practices."

Comment on Rating

Mr. Hobbs made some interesting observations on the question of interstate rating.

"The situation in workmen's compensation risks is peculiarly aggravated by the fact that compensation risks are in some cases very large. Large risks are always tempting, especially if they carry with them other lines of insurance. But the big compensation risks are doubly tempting because of the existence of an expense element in the rates that can be pruned very materially. We have presently a considerable number of compensation risks where the full premium under normal rating procedure would be in excess of \$1,000,000. A \$1,000,000 risk has a normal expense loading of \$400,000, of which \$175,000 is for acquisition, \$80,000 for loss adjustment, \$75,000 for general expense, \$20,000 for payroll audit, \$25,000 for inspection and bureau, \$25,000 for taxes. One glance at these figures indicates how greatly they could be pared, and yet leave a company enough to cover the reasonable insurance expense of carrying the risk. The tax element could not be reduced; but a lusty cut could be made in the acquisition item and still leave both general and producing agent an abounding annual income, as \$80,000 is enough to cover a whole lot of claim adjustment, \$75,000 is away and beyond what the handling of such a risk in the home office would cost. The same may be said of payroll auditing and safety engineering: the allowance in both cases would more than pay for the services of a high-grade expert employed for an entire year.

Legitimate Scheme Outlined

"A considerable margin in expense exists a good way below the \$1,000,000 mark. This margin appears to be the critical point about which center various phenomena that have attracted the attention of the association. The loss cost element of the rates appears to be adjusted properly by the various rating devices. But the expense element furnishes the real inducement for big risks to consider self-insurance, and this makes it practically necessary to arrange for getting part of it back to the insured in some form or other.

"One perfectly legitimate way of doing it is by participating plans, and these have been very cleverly exploited by participating carriers, both stock and non-stock, though this association has had recently to give consideration to some of the participating plans used, which resemble rating plans rather than legitimate distributions of surplus or unabsorbed premiums.

"Illegitimate ways of getting it back to the assured are by means of frank rebating; by misclassification of risks, by improper payroll audits. The National Council and other rate-making bodies are doing a good deal to quell these practices, which are not confined to any one group of companies. Here, of course, they have the assistance of the law.

"The interstate risk problem and the multiple line problem are different developments pointing in the same direc-

tion. It is possible, where a risk extends into more than one state, to write a policy on the part in a regulated state in strict compliance with the law, and write a second policy on the part in a non-regulated state at any rate the law of that state will permit. Similarly, it is possible to comply with the law in regulated lines, and to depart from the ordinary rates in non-regulated lines.

"It is claimed that these practices involve an illegal discrimination: but it is not every state that has a general anti-discrimination law. There are two states that define discrimination, in case of compensation, as including the writing of insurance in other lines at less than the normal rates. And there is a real question, fortified by a number of decisions of the courts in cases involving railroad rates, whether rate differentials made in good faith to meet competition are discriminatory.

"From the same cause has also flowed a certain pressure in favor of commissions and expense loadings, graded by size of risks, and one of the most ingenious and promising underwriting devices of recent years, the retrospective rating plan, which, on the expense side does effect a gradation by size of risk. This has now been approved in one form or another, in all but five states. The matter of graded expense loadings seems to be gaining in favor.

"There seems to be, in case of the large compensation risks, a case where the stock carriers are seriously handicapped in competition, and where some variation from normal rating procedure may be necessary in order to do both sides impartial justice, even if this involves some variation between group and group in point of expense loading.

"Other than by way of deviation, the time-honored precedent for dealing with a situation where an important group of companies finds itself at a competitive disadvantage on account of anti-discrimination or rate-regulatory laws is to make an exception. But to make an exception is to make an out-and-out relinquishment of jurisdiction, and it seems preferable, where this may be done to establish a more or less regular procedure within the law, recognizing pretty frankly that where a competitive situation exists, both sides ought to be placed on substantially equal terms, without any advantage to one side or to the other resulting from the rigid and mechanical application of a principle of uniformity."

National Board Committee Heads

NEW YORK—Six of the standing committees of the National Board have had new chairmen appointed by Robert P. Barbour, U. S. manager of Northern and head of the board. The committees and chairmen are: Actuarial bureau, H. C. Conick, assistant U. S. manager of Royal-Liverpool; adjustments, Harry F. Ogden, president Fidelity & Guaranty Fire; finance, R. A. Corroon, president American Equitable; laws, George C. Long, Jr., president Phoenix of Hartford; maps, A. E. Heacock, president Pacific Fire, and public relations, Esmond Ewing, vice-president Travelers Fire.

The executive committee will elect its chairmen for the coming year when it holds its organization meeting in New York, June 25.

Claims Breach of Contract

NEW ORLEANS—Claiming breach of contract, the Hartwig Moss Insurance Agency has filed suit against the commissioners of the port of New Orleans (Dock Board) for \$28,581.57 damages. The agency alleges that on April 7, 1931, it entered into a written contract with the board to handle its insurance for five years. It contends the board violated its contract when on Dec. 29, 1934, it ordered cancellation of all policies covering the docks and gave the business to another agency.

F. A. Dapper, Cook County special agent of the Sun, is in the Martha Washington Hospital in Chicago following an appendectomy.

ACCIDENT AND HEALTH

Monarch Life Elects R. C. Laub as Its Agency Manager

SPRINGFIELD, MASS.—Monarch Life of this city announces that Roswell C. Laub, general agent for the past 11 years in this city, will become vice-president and agency manager July 1, with full charge of all activities of the agency department. Mr. Laub is considered a high class man, with the resourcefulness and flexibility necessary for the proper direction of agency activities. Serving and working in Springfield he has been closely associated with the officers and department heads. Col. J. W. Blunt, vice-president and agency manager, will continue his active service. He has had a long experience in the insurance business, being a former insurance commissioner. His work has brought him in close touch with the accident, health and life business. He has had primary charge of directing the agency work since the first of the year. A. W. Crowell, assistant director of agencies and prior to that agency secretary, has assisted Colonel Blunt in the agency work. He has spent considerable time in the field and at the training schools assisting in the solution of many problems surrounding agency work.

Clyde Gordon succeeded Mr. Crowell as agency secretary and he will continue in that work. He started with the agency department as editor of the "Accelerator."

Will Have No Drastic Change

President C. W. Young states there will be no radical changes in the agency policy. The Monarch Life will continue a progress of intensive agency training which will be increasingly effective. As time goes on it hopes to improve its operations in every respect through careful, cooperative study and analysis.

After Mr. Laub completed his schooling he was for two years a teacher in a business college. He then went to a large manufacturing concern in Rochester, N. Y., and served there for 14 years in various capacities.

In August, 1928, he went with Monarch Life as general agent in Cleveland and increased production and collections considerably in a three-year period. He was then transferred to Springfield, as home office general agent and has built one of the smallest agencies into one of the largest and most successful.

Form Accident & Health Association in Des Moines

DES MOINES—A temporary organization of the Des Moines Association of Accident & Health Underwriters was set up at a meeting of 17 general agents and managers of accident and health companies.

John Kimball, Mid-Western of Des Moines, was selected as temporary president to serve until permanent officers are named. John Eagleson, North American Accident, is temporary vice-president and L. J. Myklebust, Northern Life of Seattle, temporary secretary. The group will hold its first formal meeting next Monday at which time permanent officers will be elected.

E. C. Budlong, executive secretary National Association of Accident & Health Underwriters, Chicago, attended the meeting and assisted in the organization work. He was a resident of Des Moines for many years, having been secretary of Bankers Accident of this city prior to its reinsurance by Federal Life, when he went to Chicago as an executive of that company.

"Why Disability Insurance is a Good Investment for You" cost only \$2 per 100. Order from The National Underwriter.

Reinsurance Problem in War Pool Policy

Those charged with perfecting arrangements for the issuance of a pool accident policy providing benefits for war-caused deaths and injuries of civilians have encountered some problems of reinsurance. In the syndicate will be companies that are licensed in some states and not in others. The laws of many states do not permit a company

to take credit in its premium reserve for reinsurance ceded to companies not admitted to the state. Hence, unless some special arrangements can be made, there would be some complicated book-keeping involved in putting up reserves, taking into account the requirements of the various states and the variation, state by state, in the number of companies of the pool that are admitted and non-admitted.

Group Figures Segregated

DENVER—One of the proposals of the blanks committee that was adopted by the National Association of Insurance Commissioners is that in the 1942

statement the experience under group accident and health contracts be segregated from that under individual contracts. That was done in recognition of the increasing importance of group accident and health.

Accident and Health Prize Contest Being Conducted

NEW YORK—Accident & Casualty is sponsoring an accident and health production prize contest for producers writing \$500 of accident and health premiums. The prize is a \$25 war savings bond. The special auto accident

Current Conditions Intensify Need for Dishonesty Insurance

THERE IS always a need for dishonesty insurance. However, as recently pointed out by a writer in the *Casualty Insurer*, there are present today in aggravated form many factors which greatly intensify this need.

For one thing, there is the dollar squeeze on that group of employees in the best positions to embezzle funds—the so-called "white collar workers." While there have been some salary "adjustments" in this group during recent months, there have been no such startling pay increases as many other classes of employees have received. Envy of the much larger incomes being obtained by their mechanically-minded friends will in itself be a factor excusing office workers in their own minds if they occasionally take a few extra dollars from their employers so as to "sort of even things up."

During coming months, thousands of employees in positions of trust are going to find it impossible to maintain their customary living standards. While most of them probably will adjust themselves to a lower level of living, many will not be willing to give up old habits and customs and will maintain them by dishonesty, if necessary.

The tempo of the times is in itself conducive to slippery practices. Great sums are being spent and great haste is the order of the day. With

so much money being flung around, and quick production the all-important goal, who's to notice if some of the dollars that come into an office are not accounted for?

The manpower shortage occasioned by the draft and the demands of war industries are forcing employers generally to lower their standards of personnel selection. They are now having to take almost anybody they can get, with little regard for backgrounds or references. Furthermore, trained and competent supervision in many cases now has to be spread out too thin to catch the minute beginnings of carelessness or crookedness that are so often the forerunners of big embezzlements.

These are only a few of the more obvious embezzlement-producing factors present in the current scene. But they are enough, we believe, to indicate to prudent employers the advisability of strengthening their defenses against dishonesty. Alert insurance agents and brokers will accordingly make it a point to bring these facts to the attention of their employer clients and prospects and to recommend the purchase of adequate amounts of dishonesty insurance in strong reliable stock companies such as the Fidelity and Deposit Company of Maryland.



If you would like to see some of the effective selling aids which this Company—the country's leading underwriter of dishonesty insurance—has developed for the use of its representatives, a note addressed to the Home Office will bring them to you by return mail.

FIDELITY AND DEPOSIT COMPANY

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policy, a children's accident policy written ages 2-17, and a policy tailor made to fit the insured's requirements, are being featured. The latter policy may be written to include weekly indemnity, death benefit, partial disability, medical, hospital, and nurse expense, etc. It is written either on a limited basis with a period of 300 weeks indemnity or as life indemnity providing disability benefit for 52 weeks and for life thereafter in present occupation. Policies are available either with the "accidental bodily injury" or "accidental means" clauses.

Provident Life & Accident Has Non-Occupational Form

The Provident Life & Accident is now issuing a non-occupational form, the "acme" disability policy at a fixed premium for all applicants, regardless of occupation. It is written on men 16-49 and women between 16-44, with 35 percent increase for men 50-59 and women 45-54.

Monthly accident and sickness indemnities run from \$40 to \$100 for both men and women, with premiums for men graduated from \$11.60 to \$27.50 annually, and for women from \$15.60 to \$37.50. The principal sum in all cases is \$1,000.

A hospital rider is available, paying for 30 days, up to \$4 per day for women and \$5 for men, at \$7.60 annually for both men and women, and also a surgical operations rider providing \$5 to \$100 according to schedule, for \$6 annually.

Start Plans for Cal. Meeting

SAN FRANCISCO—Hubert Johnson, Commercial Casualty, secretary of the California Association of Accident & Health Managers Clubs, has been named general chairman in charge of arrangements for the 1942 state convention here in October. The appointment was announced by Herman Lundy, president of the San Francisco club, at its annual outing.

G. V. Chandler, General Accident, is chairman of the program committee for the state meeting; R. Marvin Great-house, Connecticut General, entertainment; John H. Casenave, Hartford Accident, publicity; Gordon Baine, Associated Indemnity, registration.

Has New Policy for Women

North American Accident has put out a new "women's income protection" policy. It pays full monthly benefit for accident total disability for two years, one-half for third year, and one-fourth thereafter for life, with one-half partial for six months. Under plan C total benefits are paid for confining illness for one year and one-half non-confining for the same period, while under plan D, house confinement is not required. Double benefits are paid for hospital up to two months. For illnesses peculiar to women, one-half the benefit for ordinary illnesses is paid but full benefits for hospital, pregnancy, childbirth or miscarriage are

not covered. The benefits are increased 10 percent if premium is paid yearly in advance and 5 percent if semi-yearly. For class AA, ages 16-50, the monthly premium for \$1,000 principal sum and \$80 monthly, plan C, is \$3 and for plan D, \$3.40, with \$5 policy fee.

North American is extending non-confining sickness coverage for men under its "protection plus" and "non-occupational" policies from one month to one year. This change can be made by endorsement without additional premium.

Loses License Appeal

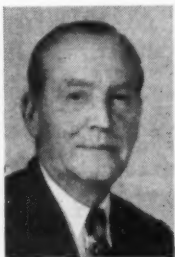
WASHINGTON—National Hospital Service Society, Inc., lost its suit in the U. S. court of appeals for injunction to compel Superintendent Jordan of the District of Columbia to renew its license. This upheld a lower court verdict.

The court ruled that Jordan was not compelled to abide by the action of his two predecessors in granting the society authority to carry on an insurance business on the contention that it is a fraternal beneficial organization. The court held that the society had no "legal right" to a license. The society had been operating for five years and included among policyholders congressional secretaries and others in the capital.

CHANGES

Quinlan and Boyle Move Up with Employers Group

Thomas J. Quinlan, who has been with the Employers group nearly 40



T. J. Quinlan



F. W. Boyle

years, now is assuming his new duties as agency relations superintendent.

Frank W. Boyle, formerly assistant superintendent of the agency and production department, becomes superintendent, relieving Mr. Quinlan of those duties. He has been with Employers since 1927, and assistant superintendent since 1936.

Wilson Advanced by Travelers

Walter O. Wilson, former field assistant in the casualty department of Travelers' Pittsburgh branch office, with headquarters at Erie, has been appointed

assistant manager at Erie. He joined Travelers' group department in 1924, and in 1926 was sent to the Atlanta office. In January, 1930, he was appointed a casualty field assistant at Atlanta, transferring to the Pittsburgh office soon after.

Haffner in Payroll Audit Work

E. R. Haffner has resigned as superintendent of casualty underwriting for Gould & Gould, Seattle general agents, to join H. J. Kilpatrick, payroll auditor. He is taking over the Oregon territory and has established headquarters in Portland.

Mr. Haffner started with the Washington Insurance Examining Bureau in 1931, leaving in 1937 to join Gould & Gould.

Weiss Quits U. S. F. & G. Post

Ray C. Weiss, formerly surety superintendent and casualty underwriter of U. S. F. & G. in Portland, Ore., has joined McCollister & Campbell, Seattle general agents, as manager of the casualty department. Mr. Weiss has been with U. S. F. & G. in Portland 12 years, and before that was in the home office contract bond department.

Seattle Firm Gets Preferred

Preferred Accident has appointed Chapman-McGuinness Co., Seattle, general agent in Washington, Oregon and Idaho.

PERSONALS

Vincent Cullen, president of National Surety, has been elected chairman of the insurance division of the New York fund-raising campaign of Russian War Relief. Mr. Cullen is organizing a committee which will conduct an intensive campaign for contributions from all parts of the insurance business.

Henry E. McCurry, who operates an inspection company in Detroit, and Mrs. McCurry announce the engagement of their daughter, Mary Jane to Harry B. Black, flying instructor in Ocala, Fla.

John H. Crowe, assistant manager in charge of casualty business in the Chicago office of Massachusetts Bonding, is in Passavant hospital with a broken leg. He suffered the injury when he slipped on a scatter rug in his home. He will be in the hospital for another week or so.

C. R. Love, branch underwriter of Zurich in Detroit, is a proud father of a boy, Theodore Jason. Mr. Love was with the Standard Accident in Chicago, later with Zurich there and in Concord, N. H., before going to Detroit.

Louis Ollmert, superintendent of the automobile department of Aetna Casualty in Chicago, and Mrs. Ollmert spent the last two weeks visiting their son Richard, who is a seaman at San Diego. Young Ollmert now is taking a special training course.

E. C. Stone, United States manager

of Employers Liability, visited Seattle last week in company with William Wittkoff, Pacific Coast manager. It was the final stop on Mr. Stone's visit to the coast. He returned from there to Boston.

President James S. Kemper of the Lumbermen's Mutual Casualty of Chicago spoke before the Tennessee Bar Association at its meeting in Chattanooga last Friday. His address was broadcast over station WDOD. He took as his subject, "America in a War Economy."

DEATHS

Parke L. Woodward, 63, of National Surety's law department died suddenly on the way to his office. He joined National Surety in 1932, having previously been a member of the law firm of Noble, Scammell & Morgan, New York. Before that he had been with the old Southern Surety. Mr. Woodward was a graduate of Haverford college and the New York Law School.

Volney L. Heath, who was treasurer of the Ridgley Protective, merged with Loyal Protective many years ago, died at his summer home in Gloucester, Mass. He retired 10 years ago.

N. J. Association to Check Countersignature Violations

NEWARK—Receipt of complaints from agents in different parts of New Jersey that companies are not living up to the "countersignature agreement" between the National Association of Insurance Agents and Association of Casualty & Surety Executives has prompted the New Jersey Association of Insurance Agents to ask its members to bring specific violations to its attention, for action of the association's executive committee.

It is generally believed that most of the companies are keeping the agreement but it is known that others are not.

Discuss L. A. School Bond Plan

LOS ANGELES—The new bond form the Los Angeles school district seeks to have adopted for bonding its employees and officials was discussed by the Surety Underwriters Association of Southern California. The matter was referred back to the committee that has been contacting the school district committee for further consideration.

Move United Pacific Home Office

United Pacific has moved its home office from Seattle to the newly-acquired Medical Arts building in Tacoma. Old quarters in the Exchange building, Seattle, are being continued as the western Washington department. Full underwriting and claims facilities are being continued in the Seattle office.



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WE INVITE YOU TO INVESTIGATE WHAT WE HAVE TO OFFER YOU AS AN AGENT.

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INDIANAPOLIS, INDIANA

Late Fire News

Report on Marine War Risk Losses Is Reassuring

In spite of the extremely heavy war risk insurance losses on shipping in the first five months of this year, the aggregate loss to insurers on account of their participations in the American Cargo War Risk Reinsurance Exchange and the American Reinsurance Syndicate for the entire period of the war risk insurance from its inception in June, 1939, to May 31, 1942, amounts to \$1,453,690. Administrative expenses, taxes and other charges incurred by individual members and chargeable to this business must be added to this unfavorable balance.

Institute Issues Figures

The figures are revealed by the American Institute of Marine Underwriters, which has published the combined results of the war risk operations of the exchange and the syndicate, covering insurance on cargoes and hulls for the three year period.

Henry H. Reed, North America, chairman of the information committee of the institute, has issued the figures, showing that war risk premium income, after deducting returns, reinsurance premiums, reserves, commissions and exchange and syndicate expenses, was \$140,125,180 and war risk losses incurred were \$141,578,870.

The loss is divided among approximately 140 insurers. These companies had aggregate capital, surplus and special reserves at the end of 1941 of \$1,154,622,000.

The members of the two groups, the exchange and the syndicate, do practically all of the private marine coverage in the American market. The member companies of both groups in 1941 did a total premium volume of \$813,398,000, of which ocean marine, including both war risk and other classes of marine coverage, amounted to \$117,090,000 or 14.4 percent. War risk coverage alone last year constituted less than half of the total ocean marine business.

Had Big Credit Till 1942

Until the beginning of 1942, the exchange and syndicate had a substantial credit from war risk operations. The figures show that for the period June, 1939, to Dec. 31, 1941, the war risk premiums after returns, reinsurance, etc., were \$85,252,364 compared with losses incurred of \$40,219,986. This left a credit of \$45,032,378. For the period Jan. 1, to May 31, 1942, premiums were \$54,872,816, compared with losses of \$101,358,884 for a debit of \$46,486,068.

Mr. Reed points out that the war risk experience is typical of other insurance operations where occasional heavy losses from floods, fire, hurricanes and other disasters are met from the surpluses built up from previous years.

The War Shipping Administration has assumed an increasing amount of the war risk hull insurance, and consequently the syndicate now is doing virtually no war risk hull business. This leaves the syndicate little but the reduced and consequently diminishing lia-

bility on long voyages not yet completed, nearly all of which was accepted prior to April 1, and against which unearned premium reserves have been set up. The private carriers are still writing cargo business and clearing a large volume through the exchange. The rates, considered from day to day and adjusted to reflect the changing conditions of the risks, are considered adequate to meet present day conditions.

Justice Department Observer at Denver Rally

DENVER—J. J. Cella, Jr., who is stationed here with the U. S. Department of Justice, attended the convention of the National Association of Insurance Commissioners as official observer for Thurman Arnold, assistant U. S. attorney-general. He was introduced to the conventioners by Commissioner Kavanaugh of Colorado.

Mr. Arnold had written to President Hobbs of the commissioners association asking permission to have a representative present and Mr. Hobbs gave assurance that a federal man would be welcome.

T. A. Fleming to Speak

T. A. Fleming, director of conservation National Board, will be one of the chief speakers at the annual convention of the 4-H Girls Club of Iowa at Ames, June 11-12. This is in the nature of affiliation with the scholarship program sponsored by the Farm Underwriters Association.

Mr. Fleming will then participate in the annual convention of the National Junior Chamber of Commerce at Dallas. At Dallas he will present one of the National Board awards given each year to the local chamber that has most effectively carried the message of home fire prevention to its community.

Discontinues N. J. Plan

Commissioner Agger of New Jersey has discontinued the plan under which properties of institutions taken over by his department during the depression were insured through the New Jersey Association of Insurance Agents. The conservation branch of the department of banking and insurance has only a small amount of such property, and until control of this is relinquished by the department in the next year, the managing agents will keep them insured.

Hardware Mutual Cuts Dividend

MINNEAPOLIS—Increased losses, higher cost of operation and a lower yield on investments have prompted Hardware Mutual of Minnesota to reduce its dividend schedule 5 points on expiring policies in the various classes.

Denies Seeking Monopoly

In a communication to the New York "Journal of Commerce," La Seguardora Mexicana denies that it seeks a monopoly of insurance on public property in Mexico, stating such business as it receives is largely through the financial and commercial connections of its shareholders. The company states it gets strictly tariff rates, and reinsures excess business with other domestic companies as well as British and American institutions.

Ore. Commissioner Post in Doubt

PORTLAND, ORE.—The future of Commissioner Thompson of Oregon is somewhat in doubt as the result of Governor Sprague's defeat in the primaries. The Oregon commissioner is appointed by the governor. Earl Snell, now secretary of state, defeated Governor Sprague for the Republican nomination.

Opposing Mr. Snell on the Democratic ticket is Lew Wallace, Portland life man, formerly manager in Oregon of Canada Life. Neither candidate has indicated whether there would be a change in the commissioner's office.

Made-to-order coverage for Conventions, Expositions and other mass events

Very often, the risks and hazards associated with large gatherings, civic events, etc. cannot be covered by standard contracts.

One of the many "out-of-the-ordinary" forms in which this organization

specializes is a made-to-order contract covering the Bodily Injury and Property Damage risks always present in

this type of event.

If you are confronted by this problem we can, in all probability, tailor a contract to fit your clients' needs exactly, which will be underwritten by prominent underwriters.

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Year
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AN EVER INCREASING NUMBER OF
AGENTS WHO PREFER TO PLACE
THEIR AUTOMOBILE AND CASUALTY
LINES WITH THE "UTILITIES"

UTILITIES INSURANCE COMPANY

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Experienced man for casualty department of large Wisconsin agency. State age, qualifications, references and salary desired. Address P-91, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

SEVENTEEN YEARS OF SUCCESSFUL SURETY AND CASUALTY EXPERIENCE FOR SALE

Age 40, three dependents, now in responsible executive position. Prefer field or branch management. Address Box P-93, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

ASSOCIATIONS

Denver Group Honors Fairchild and Leslie

DENVER—The Mountain States Casualty & Surety Association gave a luncheon Monday for Claude Fairchild, manager of the Association of Casualty & Surety Executives, and William Leslie, manager of the National Bureau of Casualty & Surety Underwriters. Henry Evans of Cashman & Evans, the president, presided and then had Mr. Fairchild introduce the out of town guests who were in Denver for the commissioners association. Mr. Fairchild provided much amusement by introducing the dignitaries according to weight, starting with S. B. Perkins, secretary of Travelers, 268, and ending with Mr. Leslie, 130.

Commissioner Kavanaugh of Colorado spoke briefly.

Oregon Adjusters Elect

PORTLAND, ORE.—The Oregon Casualty Adjusters Association at its last meeting of the season elected George Woodworth, U.S.F.&G., president, and reelected W. A. Brooks, Oregon Automobile, as vice-president, and Fred Hislop, Travelers, secretary-treasurer. A banquet and golf tournament was held with a turnout of 20 golfers and 60 members and guests at the banquet. Guests included representatives of the insurance department and Kenneth Dougherty, former claim man of Home's automobile department, who is on leave from the army air corps. A golf bag was presented to the outgoing president, R. L. Gresham, Oregon claims supervisor Fireman's Fund Indemnity.

Mich. Association Honors Quinn

DETROIT—The Casualty & Surety Executives Association of Michigan honored H. B. Quinn, resident vice-president of Maryland Casualty, at a luncheon party. As previously announced, Mr. Quinn is being transferred to Philadelphia as resident vice-president there.

Mr. Quinn was presented a complete set of golf clubs and leather golf bag by John F. Horton, manager of Aetna Casualty on behalf of the association.

The Casualty Insurance Association of Washington held its final meeting of the year June 1 in Seattle.

The Columbus (O.) Claims Club will hold a "priority party" June 12. J. P. Maloney is general chairman.

Automobile riding in North Carolina was reduced by 60 percent during the first two days of gasoline rationing, according to the Office for Emergency Management.

Surety Men Eye Effect of Excess War Profits Act

(CONTINUED FROM PAGE 20)

price and to withhold or recover from the contractor or subcontractor any amount of the contract price which is found as a result of such renegotiations to represent an excessive profit. He is authorized to recover this amount from contractors or subcontractors and may bring action in the appropriate courts of the United States to recover such amount on behalf of the government.

In renegotiating the contract price or determining excessive profits the secretaries of the respective departments cannot make allowance for any salaries, bonuses, or other compensation paid by a contractor to its officers or employees in excess of a reasonable amount, nor may they make allowance for any excessive reserves set up by the contractor or for any costs incurred by the contractor which are "excessive and unreasonable."

Can Consult Income Tax Records

Records of the bureau of internal revenue, on request of the War or Navy Secretary and the approval of the Secretary of the Treasury, are made available to the extent determined by the Secretary of the Treasury to permit examinations and determinations with respect to profits.

The secretary of each department has the right to demand statements of actual cost of production and such other financial statements of such kind and in such form and detail as may be required. Any person who knowingly furnishes such a statement containing information which is false and misleading in any material respect, faces a fine of not more than \$10,000 or imprisonment for not more than two years, or both.

See Punitive Effect

The nature of the contracting business is such that it is difficult for the contractor to know in advance what his profit will be on any given contract. It usually works out that while he may have a loss on some contracts, on others he will make a good profit, the result being that there is a leveling off of profits when all his operations are considered. It is felt that the bill will have a tendency to syphon off all profits and will probably have a punitive effect rather than a leveling effect.

It is believed that the objectives can be accomplished in a normal way by means of the income tax. Operating losses are deductible from operating profits and income tax paid accordingly.

When the bill was under discussion in the House, it was decided that all profits in excess of 6 percent be returned to the government. In the Senate committee, a sliding scale was set up ranging from 8 percent on the small contracts downward. The bill in its final form is a result of the work of the joint conference committee, with no specific figure mentioned above which profits shall be deemed "excessive."

N. Y. Auto Law Produces Some Amazing Results

PITTSBURGH—In his review of New York's financial responsibility law at the Pennsylvania Insurance Days convention here this week, Leonard M. Gardner, counsel of the New York insurance department, estimated that the increase in commissions paid to agents and brokers of New York state as a result of the law during 1941 was approximately \$1,500,000. This was due to the wide advertising and publicity given the law before it went into effect on Jan. 1, 1942.

The New York law has produced astonishing results, he said. At the time the bill passed New York state had and still has approximately 2,600,000 licensed vehicles. During 1940 the premiums collected on motor vehicle insurance amounted to about \$47,000,000. The following year for apparently no reason other than the new law the premiums increased about 16 percent to \$55,000,000. Since the great majority of large risks were self insurers, or already carried policies, the increase must have come from individual drivers and operators.

Insured Vastly Increase

The motor vehicle bureau has estimated that only 30 percent of the licensed vehicles in New York were properly insured before the law went into effect. Since Jan. 1, 1942, about 70 percent of the persons involved in accidents have been found to be insured. It is assumed from this disclosure that the law has produced in six months a 130 percent increase in the number of persons protected.

Mr. Gardner recommended that for the duration Pennsylvania or no other state endeavor to pass a similar law or a compulsory law. They should continue to watch the Massachusetts, New Hampshire and New York experiments. With high taxes, purchase of war bonds, and various other calls upon the citizens, Mr. Gardner does not believe that the citizens of any state should be asked to take on the increased burden of practically compulsory automobile insurance. This is especially true in view of gasoline and tire rationing.

Installment Rates Should Be Fixed

In New York, he pointed out, a high court has held that credit extended without charging interest does not constitute a rebate. Consequently, many agents started offering automobile coverage on the installment basis. Mr. Gardner be-

lieves that monthly rates should be fixed by the rating bureaus, and a small additional collection fee for broker or agent included in each installment.

He commented on Massachusetts' compulsory automobile law. This law has withstood much opposition, and is now winning friends. However, Mr. Gardner said, among the faults are administration difficulties with resulting evasion, political control of insurance rates, increased cost of insurance because the act encourages litigation and increases the amount of recovery, restriction of coverage due to constitutional limitation on state powers—the law does not cover out-of-state cars, accidents on private property, or property damage—and guest coverage is not required.

Mr. Gardner said that he believes the public reaction to the New York law has been very favorable.

Travelers K. C. Sales Meeting

KANSAS CITY—A sales meeting for the casualty department of Travelers, R. H. Hawley, manager, will be held here June 12, with 100 agents attending from Kansas and western Missouri. Officials from the home office to be present are H. C. Leavens, assistant superintendent of agencies; H. D. Sherwood, assistant supervisor agency field service, and A. N. Graves, agency assistant. Mr. Sherwood will talk on comprehensive liability insurance and Mr. Graves on general public liability insurance. McClung Smith, D. E. Boyette, and S. L. Cutler of the Kansas City office, will speak.

N. Y. Fund Conference

Cooperation between industry and the New York State Insurance Fund in meeting problems of the war emergency will be the subject of the annual joint conference of the members of the nine district advisory councils of the fund at Onondaga Golf Club, Syracuse, June 12. Members of the advisory councils are policyholders in the fund.

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DECEMBER 31st, 1941

| | |
|-------------------------------|----------------------|
| CAPITAL | \$2,000,000.00 |
| Surplus | 4,935,033.50 |
| Voluntary Contingency Reserve | 500,000.00 |
| Reserve for Losses | 4,824,318.79 |
| All Other Liabilities | 3,891,161.37 |
| TOTAL ADMITTED ASSETS | 16,150,513.66 |

NOTE: Securities carried at \$354,812.50 in the above statement are deposited as required by law.

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EXCESS COVERS

Interstate Risks Troublesome Issue

(CONTINUED FROM PAGE 20)

rating plans for interstate risks in certain lines of business.

The objections to federal supervision, he said, outweigh the advantages and would bring in numerous new problems and perplexities. Uniformity of rate regulation is worthy of study but would not solve all the difficulties. Provision would still have to be made for nationwide business at rates commensurate with the over-all risk. The possibility of securing similar rating laws in all of the states is very doubtful. Abolition of rate regulation would disorganize the industry and lead to cutthroat competition. On the other hand, the sentiment of the business is against further extension of rating laws, and there has been no effective effort to extend rate regulations to states which do not have it.

Elimination or drastic modification of rate regulations with consequent uncontrolled competition would stir up rivalries and unrest which the insurance business has been anxious to prevent. It is a dangerous remedy, but if no other can be found it may be preferable to continuing laws which cannot be effectively enforced.

"Though not a statesmanlike remedy, we are prepared to face it if we must," Mr. Pink said. "Perhaps large business is able to look after its own interests, but it would be unfortunate if the small policyholder and the average purchaser of insurance had to pay for any losses caused by unrestricted competition on the large risks. Some degree of control, even with open competition, might be obtained by requiring all companies doing business in a state to carry reserves on risks of the type under discussion based upon the prevailing rate of the state in which a financial statement is filed."

Difficult to Get Company Cooperation

Among the innumerable difficulties of a nation-wide rating organization is to get all or substantially all of the companies to cooperate and to be bound by the rules. However, the plan is logical and certainly deserves study.

Attempts of the casualty companies to meet requirements of rate regulated jurisdictions and at the same time produce premiums more closely reflective of cost to large buyers have been confined largely to workmen's compensation. In this field graduation of commissions and expenses has been introduced with adjustment of premiums on the basis of loss cost under retrospective rating plans. The earlier retrospective rating plans contained minimums and maximums ranging substantially below and above the standard premium. This was to provide an incentive to safety and accident prevention. But the salability of the retrospective rating plan has been lessened by the demand for maximum loss limitations close to the standard premium.

Compulsory Retrospective Rating

Compulsory retrospective rating on all multiple risks above a given amount on an interstate basis, the standard premium being the maximum, might be extended generally to apply to other lines of casualty insurance, according to Mr. Pink. It would tend to reduce profits and commissions but would be helpful to the entire industry in stabilizing business and preventing attack. It would also take away the excuse for further subordination of the producing forces.

The war department plan undoubtedly

will have a very important effect on the business in the future. It would improve the rating systems by producing premium charges more closely representing the reasonable cost of insurance and would give due weight to loss experience and necessary expenses and compensation of both company and producer. Probably more than one type of plan should be available, he suggested.

Because of the results disclosed by "our examination of a number of companies we in New York have a responsibility to take some definite action in the matter," he said. However, the problem is nation-wide, and "we are anxious to have the judgment, support and cooperation of the National Association of Insurance Commissioners before coming to a decision."

New Type of Formula for Valuation of Bonds

(CONTINUED FROM PAGE 1)

4. Any bond issued by the same corporation and other corporate bonds and all special revenue bonds of any state of the United States or any political subdivision thereof or any agency or instrumentality of any of the foregoing which, in the judgment of the sub-committee of the committee on valuation of securities are equivalent in security to those bonds hereinbefore described, provided that satisfactory evidence thereof is either already available or is made available by insurance companies, societies and associations to the sub-committee on or before Sept. 1, 1942, and approved by it.

5. Bonds in default as to principal or interest and all corporate bonds and all special revenue bonds of any state of the United States or any political subdivision thereof or any agency or instrumentality of any of the foregoing not meeting the tests described under classification No. 2, 3 or 4 of this resolution and all income and perpetual bonds shall be deemed not eligible for amortization, and shall be carried in Schedule D, Part 1, Column 16—"Amortized or Investment Value December 31, of the Current Year" and reflected in the admitted assets at the association values as shown in the book "Valuation of Securities" published under the auspices of the National Association of Insurance Commissioners.

Resolved, that, the book on valuations of securities to be published under the auspices of the National Association of Insurance Commissioners in January, 1943 shall be prepared in accordance with the foregoing resolutions and contain a notation against each bond to indicate whether it is or is not amortizable.

Resolved, that, the rate of exchange promulgated by the Canadian Foreign Exchange Control should be used for

the Canadian rate of exchange for the Dec. 31, 1942 statement.

Resolved, that, in order to meet any unforeseen conditions which may arise, this committee shall have full power to amend the resolutions regarding market and amortized values which have been adopted at this meeting. Such amendments shall become effective immediately upon their approval by the executive committee of the association.

Resolved, that, in cases where the condition of insurance companies, societies and associations may require the immediate disposition of securities, it is recommended that the discretion of the state supervisory officials of insurance should be exercised to vary the general formula herein set forth, so as to adopt prices reflected by the exchanges.

Drive for Associate Members

A campaign has been launched by C. A. Sholl, Globe Casualty, third vice-president of the National Association of Accident & Health Underwriters and chairman of the associate company membership committee, to bring in additional companies writing accident and health insurance as associate members of the National association.

The campaign started June 5, and will run to June 25, having as its goal the securing of at least 30 additional

companies as associate members, thus bringing the number of company members up to 100 or more before the annual meeting of the National association in Detroit the last of this month.

Iowa Premiums Set Record

DES MOINES—Net casualty premiums in Iowa reached \$17,615,082 during 1941, an increase of \$2,065,054. The 1941 total was the highest ever reported by the insurance department. Net losses reached \$6,736,833, also an all-time high.

Mutuals and reciprocals accounted for more than half of the total premiums, handling 53.99 percent. Stock companies wrote \$7,666,405, or 43.53 percent, mutual companies 42.01, state mutuals 5.45 and reciprocals 6.53 percent.

Stock companies paid \$2,706,866 in losses or 40.19 percent of the total.

Fla. "Comp" Rates Cut 10%

TAMPA, FLA.—A reduction of 10 percent in Florida compensation rates is announced by Commissioner Larson, effective July 1. It is estimated that this will mean a cut of nearly \$500,000 on Florida business.

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POINTERS FOR LOCAL AGENTS

Gives Suggestions on War Time Agency Operation

MINNEAPOLIS—Some sound suggestions on meeting the problem of agency operation during the war were presented members of the Minneapolis Underwriters Association at a meeting here Monday by Bert A. Jochen, assistant western manager of American of Newark, Rockford, Ill.

There are a great many vital reasons why the agents should reserve



BERT A. JOCHEN

commissions until they are earned, and if it is impossible to do this with all commissions, the agent should try to do it with 50 percent, 25 percent or even 10 percent.

Agents should be prepared to meet cancellations when the war ends at some uncertain point in the future. Mr. Jochen asked agents what would be the effect on their business if one or two good customers asked for cancellation.

The agent should set up a reserve for irregular expenses such as income taxes, personal or corporate, for large life insurance premiums, real estate taxes, and personal property taxes. These should be totaled and a credit of 1/12 of the total created each month. This "credit" should be carried in a separate account or a separate bank book.

Get on Sound Collection Basis

Federal credit regulations do not apply to insurance. However, the weak agent will let the customer put him off to pay the grocer, the tailor, etc., while the strong agent will use the example of the federal government to insist on prompt payment. Here is an excellent opportunity to get on a sound collection basis, he said.

Another way to help solve this problem is to specialize on permanent customers. Many agents have been primarily interested in jumbo defense lines. The agent paying attention to permanent type customers now will have less competition when the war is over.

Whatever economy in office operations can be achieved should be, he advised. A saving of \$5 represents a 20 percent commission on a premium of \$25.

"Put all your selling on an organized program basis," he urged. "Don't sell insurance on a cheap fur coat and parcel post coverage, then overlook golfers liability and use and occupancy. Make a brief, comprehensive survey

and recommend coverage as follows: Essential, that required to protect insured against serious loss; desirable, that which will protect insured against losses may occur with some frequency but with which there is no possibility of serious loss, and available, that which will protect insured against minor losses which are remote."

In these times only the fittest is going to survive, Mr. Jochen concluded. It is high time agents started getting fit.

Iverson Named President of Minn. Federation

(CONTINUED FROM PAGE 2)

tion in Minnesota. Secretary Helm reported on federation activities during the year.

The speaker at the luncheon following the business meeting was Dr. Walter Judd, who spent several years in China and Japan as a medical missionary.

E. J. LeClair, North American Life & Casualty, presented a memorial on deceased members. Arthur Devine, Prudential, St. Paul, urged the support of federation members in getting congress to make life insurance premiums deductible from income taxes and the federation went on record as favoring this.

In spite of conflicting dates the attendance was large, more than 200, which exceeded expectations under the conditions.

Secretary Helm reported that the number of individual members and support fund subscribers is holding up well in spite of present conditions. "We can truthfully say that the federation represents approximately 6,000 Minnesota insurance people," he said. The war has taken a number of federation members and at the suggestion of Secretary Helm the federation voted to carry them on the rolls without payment of dues.

Lloyd Iverson, the new president, is a native of Minnesota, born in 1903. He was graduated from the University of Minnesota school of business and then took a course conducted by one of the large casualty companies. After three years with two companies, he established his own agency at Montevideo in 1931.

Canadian Non-Tariffs "Pirating" Forms, Is Claim

(CONTINUED FROM PAGE 2)

fences, and if the building is not occupied by the owner, fuel, garden or cleaning tools or appliances, anywhere on the premises, but excluding trees, lawns, plants, shrubs and garden improvements in the open. At the option of the insured not more than 10 percent of the amount insured may be held to apply to each of the following extensions (a) and (b) provided that total liability including these extensions shall in no event exceed the amount of insurance in force at the time of any loss.

"(a) On the building of any outbuildings belonging to and used in connection with said dwelling on said premises.

"(b) On rental income (or if occupied by the owner the rental value) of said buildings unfurnished. The company will only be liable should the building(s) become untenable as a direct result of the perils insured against and limited to the insured's actual and unavoidable loss in respect to rental income (or rental value) during such period as would be required with due diligence and despatch to reinstate the property."

Comparisons of other sections show the same similarities.

N. Y. Insurance Women Elect

NEW YORK—Florence A. McCaskie, National Board, was elected president of the Insurance Women of New

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York at the annual meeting. Catherine L. Burns is vice-president; Mary C. Bowler, recording secretary; Irene C. Brown, corresponding secretary; Joan C. Curtin, treasurer, and Julian D. Russell, historian.

New members of the executive committee are Evelyn M. Buehler, Mary M. McLean and Josephine Rebman. Mrs. McCaskie will represent the organization at the convention of insurance women in St. Paul.

N. Y. Renewal Certificate Hearing

NEW YORK—Superintendent Pink will hold a public hearing June 17 in the New York City office of the department, 61 Broadway, on the proposed renewal certificate forms which have been devised by Mr. Pink.

George S. Atkinson, secretary of Hartford Fire, has been elected a trustee of Worcester Polytechnic Institute, from which he graduated 1915.

INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Further Plans Arranged for Ill. District Rallies

Merle A. Read, vice-president of Region 2 of the Illinois Association of Insurance Agents, who is confined to his home by a sprained ankle and other injuries due to an accident while horseback riding, reported to Eugene F. Engelhard, executive vice-president, that Otto Boehm, Libertyville, will preside at the Libertyville district meeting; John Mochel at Aurora; Harold Cooley at Kankakee and Herbert Regan at Joliet, in the series of district meetings being conducted this month.

The Ottawa meeting will have L. A. Ream, Peru, as presiding officer and these committee chairmen: John Hyson, Streator, registration; H. E. Lawler, LaSalle, reception; C. J. McClellan, Ottawa, finance. Dates of these meetings will be announced next week. John M. French, assistant vice-president of Region 2, is in charge of the Ottawa rally.

C. F. Daniels, acting chairman of the Business Development Office in Illinois, has assigned E. M. Eichenberger, Joliet, state agent Royal-Liverpool group, to assist Vice-president Read with the meetings in Region 2.

Three Meetings in Region

James J. Beattie, vice-president of Region 3 has scheduled three meetings whose dates and places will be announced next week with the programs.

W. P. Brown, vice-president of Region 5, will preside at all the meetings in his region, he reported on a visit to the Chicago executive office. Chairmen named are: Peoria, June 9, Lyle H. Gift, reception; L. L. Hauser, registration, and W. E. Peters, finance.

The reception committee of the Bloomington meeting June 23 will be in charge of Henry W. Capen, and the registration and finance for the Macomb meeting June 11 and at Canton, June 12, by L. L. Hauser. The reception committee at Macomb and Canton will be in charge of Glenn M. Watson and Lyle Kingsland, respectively.

Much Interest in Institute Courses in Indianapolis

INDIANAPOLIS—Much interest is being manifested in Indianapolis in the educational courses that will soon be made ready by the American Institute for Property & Liability Underwriters. John F. Lance is chairman of a committee appointed by the Indianapolis Insurance Board to get local interests organized so that classes may be established. Only three members of the large committee were absent at the first meeting.

A mass meeting June 15 is being arranged for those who may be interested in taking the courses that will be offered. While all those interested will be welcome at this meeting, an effort is being made to reach as large a number as possible by sending notices to members of the Indianapolis Insurance Board, Indianapolis Association of Insurance Women, Indiana Association of Insurance Agents residing in counties adjoining Marion, in which Indianapolis is located; Indiana Fire Underwriters Association, Indiana Field Club, Indiana Casualty & Surety Managers Association, Indiana Casualty Adjusters Association, underwriters in agency and branch offices, secretaries and other employees.

Prof. J. E. Hedges, head of the school of business at Indiana University, will address this meeting. The requirements and all details will be fully explained for those who may be interested in joining groups for study. Mr. Lance is giving much time to promotion of the meeting.

He believes agents and others who do not qualify for the recognition that will be accorded to those who take these courses will find themselves much handicapped in conducting their business within a few years.

Stock Fire Companies Gain in Iowa Premiums

DES MOINES—Stock fire companies wrote 50.45 percent of the net premiums in Iowa in 1941, an increase of .37 percent over 1940, according to statistics compiled by the Iowa department.

Total net premiums written by fire companies were \$21,572,790, an increase of \$1,165,634. Net premiums written by stock companies were \$10,882,041 as compared with \$10,218,985.

Although the percentage written by mutual companies, operating under chapter 404, increased from 18.61 to 23.90 percent, the state mutuals and county mutuals both showed declines. Mutual premiums totaled \$5,154,621 as compared with \$3,797,426. State mutuals wrote 8.49 percent as compared with 12.53 percent the previous year and county mutuals 11.60 percent as compared with 12.86 percent in 1940.

Reciprocal wrote 1.33 percent, an increase of .02 percent, while foreign branches wrote 4.23, a drop of .38 percent.

The total of all mutuals and reciprocals was \$9,777,492 or 45.32 percent as compared with \$9,246,415 or 43.30 percent in 1940.

Total net losses were \$11,080,527, an increase of \$1,879,448 as compared with \$9,201,078 in 1940.

Net fire premiums in 1941 were the highest in the last 12 years and equalled the former high periods between 1925 and 1930 when the state total ran between \$21,000,000 and \$23,000,000.

Claim Exemption for War Work

ST. LOUIS—The brokers' license committee, composed of one representative each from the Associated Fire Insurance Agents & Brokers of St. Louis, Insurance Brokers Association of St. Louis, and Insurance Board of St. Louis, has been confronted lately with new and renewal applications for brokers' licenses from individuals claiming exemption from departmental rulings as to qualification by reason of their alleged connection with war work.

Since the St. Louis committee operates under the direction of the Missouri department, it has no authority to give a final answer in any case, that authority being the sole prerogative of Superintendent Scheufler.

Forum Discussion at Fond du Lac

A "round table" discussion on "Business Interruption Insurance" featured the June dinner meeting of the Insurance Women of Fond du Lac, Wis. Harold Watson, Milwaukee, state agent Security of Connecticut and president of the Wisconsin Insurance Forum, acted as moderator. Taking part in the discussion were Clarence Boe, Milwaukee, Travelers Fire, secretary of the forum, and R. G. Heiam, Western Adjustment, Fond du Lac.

Would Curb Gasoline Storage

ST. PAUL—Leonard C. Lund, deputy Minnesota commissioner in charge of the fire marshal's division, has asked the cooperation of fire chiefs throughout the state in curbing hazardous storing of gasoline on private premises by ration-minded citizens.

"This would be most serious from a

fire hazard standpoint," he said, "and naturally steps must be taken immediately to prevent a situation of that kind from gaining a foothold in our state."

Loss in Kewanee Fire

The Kewanee, Ill., fire department in giving its report to the city council regarding the big fire there April 13, shows property values involved \$2,568,750, damage \$1,651,422, insurance carried on the property \$1,764,950.

There were three large chain stores involved in the fire. Each had a total loss. Each one was under a monthly reporting contract. Of the merchants involved in the fire there were only three who were much under-insured.

Kansas City Buyers' Panel

KANSAS CITY—The insured members' conference of the Associated Industries of Missouri here will hold a question and answer panel discussion June 16. W. A. Sullivan, insurance director of Loose-Wiles Biscuit Company, will represent the buyer on the panel; George Oppenheimer, Oppenheimer Brothers, will handle the casualty subjects; W. R. Evans, manager of American Surety, bonds, and Howard Campbell, special agent Hartford Fire, fire insurance.

Gets Dodge City County Cover

The Dodge City (Kan.) Association of Insurance Agents has placed the Ford county insurance under general form with the 90 percent coinsurance clause under the board's direct supervision. It now has all public business, school, city and county, under similar form. Laurin W. Jones and Seymour Drehmer were in charge.

Wichita Agency Reorganized

WICHITA—H. C. Brady, Inc., replaces the former Swope-Brady agency here, following the recent death of S. M. Swope. Mr. Brady is president; V. C. Feemster, vice-president and Paul R. Brown secretary-treasurer.

Merle N. Sleas, formerly secretary-treasurer of Swope-Brady, a son-in-law of Mr. Swope, has established his own agency in the Wheeler, Kelly, Haggy building.

Priest Reports on Conference

WICHITA—Frank T. Priest, Dulancy, Johnston & Priest, reported to the Wichita Association of Insurance Agents at its regular meeting on the meeting of the conference committee of the Kansas Association of Insurance Agents with Commissioner Hobbs and officials of the Kansas Inspection Bureau at the commissioner's office in Topeka. Several changes in forms were discussed.

Fontron Hutchinson President

HUTCHINSON, KAN.—The new executive committee of the Hutchinson Association of Insurance Agents has named John Fontron president, succeeding John Brehm; Chas. E. Long, vice-president and renamed James Casey of the Mitchner agency secretary-treasurer. The annual joint picnic with the Hutchinson Real Estate Board was held with a program of afternoon and evening sports.

Volunteer for Fire Prevention

CLEVELAND—Forty-two members of the Insurance Board of Cleveland have volunteered their services to W. A. Stinchcomb, executive director of the Cuyahoga County Civilian Defense Council, who is recruiting experts for fire prevention activities. According to S. J. Horton, executive secretary of the

board, they will probably be named as deputy fire wardens to take assignments under Fire Chief Granger.

Lucas County Board Elects

Officers of the Lucas County (Toledo) Insurance Board have been elected as follows: C. C. Dussel, president; D. L. Barnes, vice-president; J. B. Willford, treasurer; J. D. Mominee, secretary. W. G. Wandel was renamed executive secretary. The new officers were installed at a dinner at the Toledo Yacht Club Tuesday.

Consider Toledo Revision

TOLEDO, O.—Copies of the proposed revision of the constitution and by-laws of the Toledo Association of Insurance Agents were distributed to members at the June 9 meeting, which was devoted to a discussion of war damage insurance.

Responsibility Committee to Meet

George E. Corby of Cleveland, chairman of the financial responsibility committee of the Ohio Association of Insurance Agents, has called a meeting of the committee in Columbus June 16. Members of the committee, in addition to Mr. Corby, are Carl F. Duerr, Canton; C. D. McVey, Le Roy; Paul R. Gingham and C. W. McNeil, Columbus.

Honor Rapp's 50th Anniversary

Fred G. Rapp, local agent and mayor of Columbia, Ill., from 1909 to 1933, was honored at a testimonial celebrating his 50th anniversary in the insurance business. Insurance men from various parts of southern Illinois and eastern Missouri attended.

Kansas City Meeting Postponed

The Insurance Agents Association of Kansas City, Mo., has postponed its quarterly meeting, originally scheduled for June 16. President Reynolds Barnum is in Tucson, Ariz., and the vice-president, Harry Gambrel, is presiding over the Boys State at Fulton, Mo.

The Kansas City association has purchased, for the use of the Civilian Defense organization, the film "Let's Be Ready." More than 50,000 persons have seen the film "Fighting the Fire Bomb," supplied by the association at more than 200 showings.

NEWS BRIEFS

Wendell Groth, who recently established an agency in Lincoln, Neb., has combined it with that operated by Waco Insurance Service, in connection with Woodmen Accident activities. Mr. Groth has been named manager of the combined agency.

The Insurance Women of Detroit held a meeting June 9, the speaker being Harriet Harwood of the J. L. Hudson Company, who gave a review of some of the new books. She is the official book reviewer of the J. L. Hudson Speakers Bureau. She gives a book review over the radio Friday mornings.

The Mutual Insurance Club of Columbus held its last meeting of the season Monday. Salesmanship was discussed, with V. C. Smith, Equitable Life of New York, as guest speaker.

John J. Engstrom, Jr., Harris, Burns & Co., chairman of the fire prevention committee of the Wichita chamber of commerce, was married to Miss Oil May Chambers of Wichita.

Olaf Nordeng, vice-president of Automobile, toured Minnesota on company business the past week.

George Gray has purchased the agency business of D. L. Williams and W. H. Cartwright at Rochester, Minn.

Western Mutual Fire of Des Moines has been admitted to North Dakota.

IN THE SOUTHERN STATES

Texas to Consider Requests for Rate and Form Changes

AUSTIN, TEX.—In addition to the matter of expense on various lines of coverage, the Texas Board of Insurance Commissioners at its hearing June 23 will consider several specific proposals for revisions in fire, windstorm, and extended coverage rates and rules.

The board will take up a request for revision of the rules to permit builders' risk on dwellings to be written at completed dwelling rates, and a request to eliminate the charge for attachment of the fallen building clause waiver. Compliance with these requests would bring Texas in line with other jurisdictions on these two points.

Optional Fire Form

There are also requests for the optional fire form and for a minimum policy premium for fire and windstorm policies, both of which are in effect in other jurisdictions.

There is a request that permission be granted and rules adopted for including fire and windstorm coverage under the personal property floater policy. Such policies in Texas now exclude these two coverages.

Other requests are: To make regular coinsurance credit applicable to stocks subject to mandatory 100 percent coinsurance clause when such stocks are in fireproof or sprinklered buildings; to permit substitution of approved chemical extinguishers in lieu of barrels and buckets in cotton and woolen mills; to reduce fire and windstorm rates on certain types of load-bearing clay tile construction; to increase experience credit for hotels; to waive the charge for private fire protection on packing houses and stock yards where such risks are inside city limits of protected city and towns.

Other Requests for Changes

Also: To reduce the occupancy table charge for peanut warehouses; to make ore smelting plants eligible for term and coinsurance regardless of location and fire protection plus a reduction in rates.

Adoption of a form for renewal certificates for fire and windstorm policies will be considered. The board has another request, that it drop classes 2, 3, 6, 8, 9, 13, 19, 26, 30, 35, 44, 56, 59, 65, from report of underwriting experience by classes due to limited premium volume produced thereunder and to consider consolidating 36 and 37 into one class 37 covering grain elevators and warehouses.

New Okla. Head

Guy M. Landes of Tulsa, the new president of the Oklahoma Association of Insurance Agents, spent 13 years in banking before he entered life insurance in 1925. In 1926 he formed a partnership with E. W. Thornton, and the agency of Landes & Thornton began to write all lines. The agency was joined by R. E. Seever in 1928 to make it Landis, Seever & Thornton.



G. M. Landes

The agency does a general insurance business, but it is interesting to note that all three members of the firm are Chartered Life Underwriters, and Mr. Landes is president this year of the Tulsa Chapter of C.L.U.

Mr. Landes served as president of the Tulsa Fire & Casualty Board, and was seven years on the casualty rates conference committee of the Oklahoma association, two years of which he was chairman. He has been on the executive committee two years and served as national councillor of the Oklahoma association the past year.

Agents Suggest Procedure Under Va. Qualification Law

RICHMOND—Virginia's new agents qualification law passed by the 1942 legislature requires that all new agents and solicitors must pass a written examination on or after Aug. 1 in order to obtain a license. A special committee of the Virginia Association of Insurance Agents headed by Everett M. Owen of the Davenport Insurance Corporation of Richmond has submitted to Commissioner Bowles a series of recommendations for putting the law into effect. It was recommended that examinations be given in the office of the department and at not more than six designated centers elsewhere in Virginia, such as Norfolk, Roanoke, Wytheville, Winchester, Danville or Martinsville and Cape Charles.

As for material to be studied, the applicant should be furnished a booklet in question and answer form covering general questions dealing with insurance law and ethics and containing numerous general but pertinent questions having to do with fire and allied lines and with casualty, automobile and surety coverage.

Fairly lengthy written examinations pertaining to pertinent general questions taken from the question and answer

manual and also from policy contracts themselves should be given, in the opinion of the committee, and five separate examinations should be given those desiring to engage in the following classes of insurance (a) General insurance; (b) fire and allied lines only; (c) casualty lines only; (d) surety lines only; (e) automobile lines only.

It is recommended that any applicant failing to pass an examination should be permitted to retake the examination not less than 60 days later. The application fee of \$3 should be retained whether the applicant passes the examination or not. In addition to other requirements, the application should contain an endorsement of the applicant by at least one insurance company for which license is to be requested.

Faculty for Alabama Short Course Is Announced

BIRMINGHAM, ALA.—Completed plans for the short course school of the Alabama Association of Insurance Agents including the faculty are announced by M. R. McGruder, executive secretary. The school will be held July 13-15 at the University of Alabama at Tuscaloosa with L. J. Thomas of Dothan, Ala., as dean.

The instructors are: J. M. Bugbee, assistant manager automobile department, Maryland Casualty, Baltimore, automobile bodily injury and property damage; R. W. Michael, vice-president and southern manager Fireman's Fund, Atlanta, fire and allied lines; Manley Stockton, assistant southern manager Hartford Fire, Atlanta, inland marine. T. A. Thompson, superintendent liability department Hartford Accident, Atlanta, and C. L. Daugherty, attorney of that company, Atlanta, will jointly teach general liability.

The Alabama Fieldmen's Association, Bruce Gibson, president, is cooperating. Registrants are expected to include agents from Georgia and Florida, which are not holding schools this year. Expenses are nominal, including \$3 tuition and \$1.50 per day for room and meals in college dormitories. Certificates will be awarded to those satisfactorily completing the 16 hours of work. The registration last year was 133 and 111 were issued certificates.

Dana Johnson Lectures Before Miami Board

E. Dana Johnson, general agent, Jacksonville, Fla., opened the National Association of Insurance Agents 100-hour educational program of the Greater Miami Insurance Board in Miami. His

two-hour lecture was on "Historical Background; Nationwide Definition and Interpretation of the Insuring Powers of Marine and Transportation Underwriters; Basic Fundamentals of the Inland Marine Business."

Mr. Johnson also briefly addressed the luncheon of the Greater Miami Insurance Board the same day.

National Board Opposes La. Qualification Bill

BATON ROUGE, LA.—A two-hour hearing was held on the agency licensing bill sponsored by the Louisiana Association of Insurance Agents. The bill is meeting stiff opposition. Arthur Mereno, New Orleans attorney representing the National Board, spoke against the measure, saying it would place the licensing power in the hands of the agents. The mutuals are also fighting the bill, claiming it would throttle their business. G. E. Gillis, Jr., chairman of the legislative committee of the Louisiana association, spoke on behalf of the bill. He said its main purpose is to protect the public against unqualified agents. No action was taken by the committee, another hearing being set for this week.

More than 100 bills affecting insurance were dropped into the hopper of the Louisiana legislature before the deadline for introduction of bills.

One house bill would make the state a self-insurer. Another, to prohibit monopolies in insurance, would have the effect of outlawing all insurance exchanges in the state.

Tenn. School Even More Successful Than Last Year

NASHVILLE, TENN.—The second fire, casualty and surety short course held in cooperation with the extension department of the University of Tennessee, Knoxville, by the Tennessee Association of Insurance Agents, proved even more successful than last year's school with 225 in attendance and certificates awarded at the close to 140 local agents, special agents and employees of agencies. Frank Ryder, 75-year old local agent of Chattanooga, was back and again received a certificate. Associations of Insurance Women in Nashville, Chattanooga and Knoxville were well represented. Although Will S. Keese, Jr., Chattanooga, National association executive committeeman, was assigned to talk on war damage insurance, all lectures and addresses contained many references to the effect of war on the selling of all types of insurance. Lecturers and discussion leaders were Roy A. Duffus, Rochester, N. Y.; George W. Goble,

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University of Illinois; L. E. Mackall, National Surety; C. Edwin Blake, Hartford Steam Boiler; Frank W. Potter, Aetna Casualty; Bert R. Walinder, America Fore, Chicago, and Mr. Keese.

Tenn. Mutual Agents' Program

NASHVILLE — Commissioner McCormack will speak at the annual meeting of the Tennessee Association of Mutual Insurance Agents here June 22-23. Len H. Jones, vice-president Lumbermen's Mutual, Mansfield, O., also will speak on "War—a Challenge and an Opportunity"; L. H. Parsons, director of conservation, State Farm Mutual, on "Automobile Insurance, New and in the Future," and Dr. E. J. Eberling, Vanderbilt University, on "Insurance Needs of the Day." There will be an open forum discussion led by M. L. Landis, general counsel Central Manufacturers Mutual, Van Wert, O., and a true and false contest with war bond prizes.

Langbehn Is Golf Winner

NEW ORLEANS—A. F. Langbehn, local agent, was the principal winner in the annual golf tournament of the New Orleans Insurance Exchange. He finished with a 77 gross and 63 net. Runners-up were James Rainey, George Wegmann and E. N. DeRussy. General Agent O. L. Richards won the guest flight, followed by Special Agent Harry G. Thomas and General Agents Alvin Shepherd and Jules Simoneaux.

Travis to S.E.U.A. Head Office

R. P. Travis has joined the headquarters staff in Atlanta of the Southeastern Underwriters Association. Since 1939 he has been district manager of the Tampa office of the Florida Inspection & Rating Bureau. He joined the Florida bureau in 1924 and before that was in charge of the zone office in West Palm Beach.

J. Robert Foster succeeds Mr. Travis as district manager in Tampa. He started with the S. E. U. A. 18 years ago as an entry clerk. He has successively been examiner and special agent of the Florida bureau.

Tenn. Agents Meet in October

NASHVILLE, TENN.—The annual convention of the Tennessee Association of Insurance Agents will be held here in October. Secretary-Manager R. T. Cawthon announced following a meeting of the directors held in Knoxville. W. M. Harris, Johnson City, chairman, presided, with the entire board, including President Vernon Sharp, Jr., present. Mr. Cawthon will

begin work at once in arranging the program.

Houston Agencies Merged

The Broyles Insurance Agency of Houston, Tex., has been merged with Burnett, Lewis & Lundy for the war duration. W. H. Broyles said the consolidation was effected after he had offered his services to the War Department.

Study War Damage for State

RICHMOND—Governor Darden of Virginia has appointed a committee to study war damage insurance for state property. An inventory of values of state property in Richmond will first be taken. Commissioner Bowles has written to commissioners of other states in an effort to find out what they are doing along the same line.

Virginia Bureau Elects June 18

The annual meeting of the Virginia rating bureau will be held in Richmond June 18. A. R. Phillips, vice-president of Great American, is now chairman of the governing committee.

NEWS BRIEFS

Mark Hodo and John Chichester, Birmingham local agents, have been elected to the Alabama legislature.

I. B. Spraker, operating the General Insurance Agency, Chattanooga, Tenn., has sold his Hartford Fire and Hartford Accident business to R. C. Hunter agency, and the business of four other companies to George Oldham.

EAST

Blackall Tells Hartford Class Success Takes Work

The world owes no man or woman a living, and those entering the insurance profession the same as in other lines of endeavor, must carve out their own careers through hard work and sacrifice, Commissioner Blackall of Connecticut told the graduating classes of the Hartford College of Law & Insurance.

Commissioner Blackall said the problems confronting the insurance people today are different in kind, but not so much in substance, from those which have occupied the country particularly from the period of its greatest expansion following the close of the Civil War. Once it was fire and life insurance business only, then health and accident, workmen's compensation, manufacturers

products, cargo coverage, automobile liability, and later hospitalization.

"Today, impinging upon them all, is the question of war risk coverage for hulls and cargo, arising out of marine transportation, the possible threat of loss from bombardment and property damage in the United States. Then there is the effect of military and defense service on life contracts and the problem of casualty coverage effecting possible catastrophes to employees, either in defense or nondefense activities."

He said the American people have a genius for self-government which cannot and will not be denied. While there was a division of opinion prior to the attack on Pearl Harbor as to what the national aims should be, particularly in a world conflict, since Pearl Harbor without question there has been national unity. Neither Congress nor the states have abdicated any of their inherent powers, he said. They have composed various differences and still reserve the right to view the activities of the administrative officials from the President down with "friendly scrutiny."

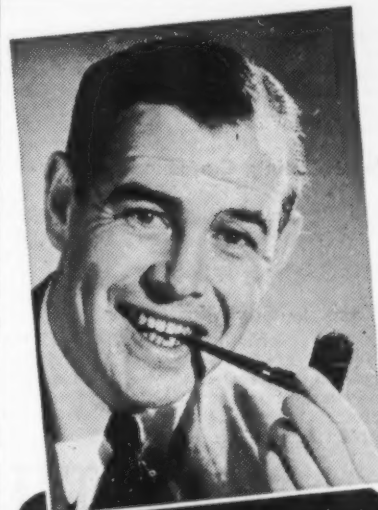
Committee Studies Revision of N. J. Standard Fire Policy

NEWARK—At the suggestion of Commissioner Agger of New Jersey, a committee of New Jersey Association of Insurance Agents composed of Charles E. Meek, Jr., Paterson, chairman; Harvey B. Nelson, Jersey City, and Frank B. Heller, Newark, will make a study of the new revision of the New York standard fire policy, and will make recommendations to the commissioner.

The commissioner says some authorities feel the standard policy of New Jersey is inadequate in modern times and conditions and have suggested that the New York state revision be studied with the thought of having the New Jersey standard policy revised. It was adopted by the legislature in 1892, but the legislature has since approved the use of extended coverage (supplemental contracts) endorsements and numerous other endorsements and clauses.

Fire Companies Adjustment Announces Some Changes

Fire Companies Adjustment Bureau announces the retirement of F. W. Tuttle, who for 20 years has been manager at Springfield, Mass. E. W. Elliott, manager at Worcester for the last four years, will succeed Mr. Tuttle at Springfield. He was formerly associated with the head office. District Supervisor J. J. McDevitt, for some time located in Boston, will hereafter make his headquar-



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TRADITION COUNTS

ters at Worcester and will be in charge of that office. He will continue as field supervisor of branch offices at Providence, Manchester, N. H., New Bedford, and Springfield, Mass., and Burlington, Vt.

Joint Outing Cancelled

The joint outing of the Passaic County and Bergen County (N. J.) Insurance Associations usually held this month has been cancelled due to the rubber and gasoline situation.

Conn. to Buy War Cover

The special fire insurance advisory committee of the state of Connecticut has been delegated to study the matter of purchasing war damage insurance on state properties, according to State

Comptroller Dowe. Fire insurance in the amount of \$60,000,000 is carried by Connecticut. The special committee consists of Oscar Holland, Phoenix of Hartford; S. H. Ashton, National Fire; S. D. Henry, Security of New Haven, and C. H. McDonough, Hartford.

NEWS BRIEFS

The Insurance Women of New Jersey will hold a dinner-meeting in Newark, June 18, when prizes will be awarded the winners in a "policy-writing" contest.

The Union County (N. J.) Association of Local Agents is considering and will likely adopt the Bergen County plan for agency representation, the primary purpose of which is to eliminate part-timers from agency ranks.

change and a director of the California Association of Insurance Agents.

Paul Wilson, assistant Pacific Coast manager of Phoenix of Hartford, lectured on "Inland Marine Insurance" before the classes conducted by the exchange.

Legion Entertains at Camps

Insurance Post 404 of the American Legion in San Francisco has organized an entertainment troupe to visit army and navy camps and stations about the San Francisco Bay area and produce special programs. On June 7 the group handled the entertainment at the junior officers assembly of the Inter-America House. C. C. Washburn, Pacific Coast manager of Preferred Accident and commander of the post, presided. Principal performers were Sig Arndt of the Finn, Elbow & Medcraft general agency and Earl Wright, independent adjuster—both of whom have had considerable experience in such programs.

of Home, is on a month's eastern trip and will visit the home office.

J. B. White, vice-president and secretary of Rhode Island, is a Los Angeles visitor.

Quaker City Fire & Marine has been licensed in California. Richard Orlob, Pacific Coast manager of Atlas Assurance, is general agent.

Founders Mutual Fire of Los Angeles, a new county mutual, has been licensed by the California department.

A new agency has been established at Seaside, Ore., by Cyril Brownell and E. N. Hurd.

The Herb H. Love agency of Wendell, Ida., has been acquired by Mrs. Nellie A. Dyar.

Sunnyside, Wash., has a new National Board grading, having been lowered from class 7 to class 6.

Hilary B. Connell has established a new agency in the Vance building, Seattle.

PACIFIC COAST AND MOUNTAIN

Record Rally in Seattle to Hear War Damage Plans

SEATTLE—The King County Insurance Association had the best-attended meeting in its history June 4, over 75 members turning out to secure available information on the War Damage Corporation's plan which will go into effect July 1. President W. H. Harmer called a special meeting when announcement was made that the War Damage Corporation had released rates.

Irwin Mesher, executive secretary of the state association, outlined highlights of the plan as tentatively announced in Washington. Copies of Secretary of Commerce Jones' official announcement were distributed, as well as detailed tentative information. An open forum discussion followed.

Officials of the association announced that the association was running a large advertisement in the Seattle "Times" and "Post-Intelligencer" the following day, the advertisement containing the names of all members who would be prepared to accept applications for war and bombardment coverage on or about June 20. Agents were requested to advise their clients to make a preliminary estimate of their insurance requirements so that as soon as the official rules and applications are released applications can be completed with a minimum of delay.

Members of the state association were given detailed information regarding the plan, including rates, and all affiliated local boards were furnished suggested newspaper "ads," many of which appeared throughout the state.

Arizona Results Are Given

Total net premiums received by fire companies in Arizona last year amounted to \$3,749,597 as compared with \$3,276,902 the previous year. Net losses paid in 1941 were \$1,433,740 as compared with \$1,306,583 the previous year. Of the total premiums last year \$1,857,021 were for fire, \$115,842 extended cover-

age, \$1,522,337 motor vehicle, \$179,303 inland marine.

The leading companies in 1941 premiums were Aetna Fire, \$120,962; Continental, \$160,865; Fireman's Fund, \$178,940; Firemen's, \$175,301; General Exchange, \$373,615; Hartford, \$184,973; Home, \$394,818; L. & L. & G., \$135,454; National Union \$106,411.

Protests Unlicensed Solicitation

OKLAHOMA CITY—Commissioner Read has asked the assistance of the commandant of the Fort Sill military reservation in preventing unlicensed agents from soliciting business on the reservation for companies not licensed in the state. He advised that under the Oklahoma laws an agent soliciting business for a non-admitted company is guilty of a misdemeanor, punishable by fine of \$50 to \$100 for each offense.

He enclosed a copy of a letter written several years ago by P. J. Hurley, when he was Secretary of War, stating that he had directed that only such companies as comply with insurance laws of Oklahoma be permitted to solicit insurance on military reservations in that state.

Idaho Convention Is Set

The Idaho Association of Insurance Agents will hold its annual meeting in Boise Aug. 23-25, President Oscar Nelson announces. The executive committee will hold an evening meeting Aug. 23 and the convention proper will get under way the following day.

Glassick Acting Vice-president

LOS ANGELES—The governing committee of the Insurance Exchange of Los Angeles has elected W. B. Glassick of Howkins & Glassick, immediate past president of the exchange, acting vice-president. Vice-president Willson Pierce, Jr., is acting as president during the absence of President Robert J. White. Mr. Glassick is a member of the governing committee of the ex-

Panel on Comprehensive

A panel discussion on comprehensive liability featured a meeting of the Santa Cruz (Cal.) Insurance Exchange. F. H. Pratt, Royal Indemnity, conducted the discussion with the assistance of W. J. Conklin, American Surety; W. C. Hughes, Ocean Accident; Sam Magidson, president of the exchange, and J. T. Nittler, agent member.

Grinstead Spokane Speaker

Tileston Grinstead, special agent of American Bonding, spoke on changes and problems in the surety field, at a luncheon meeting of the Spokane (Wash.) Insurance Association. President R. H. Rogers appointed a committee to study and revise the by-laws.

Hall Is Broderick Manager

D. F. Broderick, Inc. (Washington), has appointed Ralph Hall as manager in charge of Washington, Oregon, Idaho and Montana. He succeeds Roy Martin, Jr., resigned.

NEWS BRIEFS

W. H. Crisman, Seattle manager of Northwestern Mutual Fire and Northwest Casualty, has been elected president of the Seattle Traffic & Safety Council, succeeding J. W. Reynolds, president of United Pacific.

Governor Langlie has appointed Stuart G. Thompson of the Stuart G. Thompson-Elwell Co., Seattle general agency, a member of Washington state athletic commission. He succeeds William Culliton, Seattle broker, who has been serving as chairman of the commission and who has joined the navy as a lieutenant.

The St. Paul group has established a claim office in Seattle under the supervision of O. F. Catalano, formerly with the companies in San Francisco.

Sim J. Wherry, Los Angeles manager

CANADIAN

Canada Preparing for War Risk Cover

MONTREAL—James Matson of this city, manager of the Royal, has been appointed supervisor of war damage insurance. Minister of Finance Isley stated that in view of recent events emphasizing the possibility of enemy attack the government is taking all necessary steps to provide the facilities whereby war damage insurance may be written by the established fire insurance companies and their agents throughout Canada as soon as possible after the enactment by parliament of the pending legislation. A bill providing for war risk insurance is before the house and will come up for consideration in a short time.

Canadian Losses Up, May Eliminate Profit This Year

TORONTO—Fire losses are running so high in Canada this year "that the companies, in general, are bound to lose money." So stated one executive of a large group of tariff companies with head office here.

While, on the basis of past experience, recent reductions in fire insurance premium rates were justified, he admitted, it so happens that the reduced rates have come at a time when fire losses have shown an inclination to take a definitely upward trend. Still further increased fire losses are anticipated, he stated.

"The companies, in general, will definitely operate at losses this year," he stated, "at the present reduced rates."

Pointing to his own company as an example, he revealed that for the first quarter this year, the loss ratio was 68 percent. This compares with 41 percent for the comparative period of last year. Another large group of companies,

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which has a premium income of some \$2,000,000, has suffered sufficiently thus far in 1942, he said, so that "no matter the experience for the remainder of the year a definite loss is assured."

Chandler New President of Montreal Institute

MONTREAL—O. A. Chandler, Employers Liability, was elected president of the Insurance Institute of Montreal at the annual meeting.

Vice-presidents are James Matson, Royal-Liverpool, and A. Campbell, North British; secretary, W. G. Child, Northern Assurance; treasurer, G. C. English, London Assurance.

W. E. Baldwin, manager for Canada of America Fore, is chairman of the new honorary advisory board. Others who have agreed to act on the board include: Edgar J. Kay, manager North British & Mercantile; R. de Grandpre, Canadian manager of New Hampshire; and D. K. McDonald, Canadian manager of London Assurance.

Ont. Blue Goose Elects June 15

TORONTO—The annual meeting of the Ontario Blue Goose will be held here June 15. In view of the forthcoming grand nest convention in August, it has been decided there will be no initiation at this time.

Form Nova Scotia Institute

Officers of the newly-formed Insurance Institute of Nova Scotia are: President, H. Churchill Smith; vice-presidents, W. A. Affleck, A. Crease, P. R. Jack, R. A. Major, D. K. MacDermid, and E. L. Miller; honorary secretary-treasurer, D. Milson.

Conn. Agents Mid-Year Meeting On in Hartford

(CONTINUED FROM PAGE 4)

cies covering such exposures are amazing, Mr. Van Gils commented.

Edwin H. Cowles, president of the association started off the meeting by introducing John A. North, vice-president Phoenix of Hartford. Mr. North reviewed the War Damage Corporation plan. He said that all those in the insurance business will find it necessary to work longer hours with more careful planning and more use of the telephone. Fire prevention is receiving greater attention.

Views Consequential Loss Cover

Speaking on consequential loss coverage, Mr. North said: "Consequential and indirect losses specifically excluded by war damage contracts would seem to be the big open question as to future market. Some companies may decide to flirt with this source of income, but it would appear to me that as the companies have generally maintained that they can not absorb direct war damage of property, they cannot with greater safety assume indirect war risk liability exposure to catastrophe which may be as great and as difficult to ascertain, and for which there is absolutely no existing basis for either rating or underwriting. In my opinion private insurance can not afford to assume such an unpredictable risk and certainly congress has not seen fit

to authorize the War Damage Corporation to do so."

Concerning recommendations that more unity in the insurance business be achieved, Mr. North said he believed "these fine purposes could be augmented most effectively by minimizing the complaints and eliminating the indictments aimed by one group within our ranks at another, or at least muzzling the unauthorized spokesmen for such groups. Then, too, we could do without the sour editorial that occasionally takes a crack at management which neither fact nor fancy can justify."

Increased Loss Coming

E. W. Sawyer, attorney for the National Bureau of Casualty & Surety Underwriters said the war will bring increasing loss ratios, readjustment of volume and an increase in the number of isolated catastrophic losses. It is possible, he predicted, that after the war damage policy covering physical property has been clearly defined, then casualty coverages for physical property may be worked out to coordinate closely with government insurance and cover in part at least risks now excluded in company coverage. The Pepper bill will afford the workmen's compensation carriers relief from a most serious threat, he said. Under that bill injuries sustained by employees as the result of the war will be compensated by federal agencies. Even though the workmen's compensation carrier will be liable and will actually pay compensation benefits, it will be entitled to reimbursement. Consequently the results of war upon workmen's compensation insurance will be largely those due to the effect of conversion of plants from one type of production to another and the general speeding up of industry.

Will Be More Catastrophe Losses

Because of the production of explosives and a more general use of chemicals, it is reasonable to anticipate an increase in the number of local catastrophic losses and perhaps an increase in occupational disease, he stated.

With fewer automobiles on the roads and with mileage markedly curtailed by gasoline rationing, rates for automobile liability insurance should become lower, Mr. Sawyer stated. There are counteracting factors, however, which make such a result problematical. The movement to use every automobile to capacity will increase the cost of accidents and the scarcity of parts will increase the cost of repairs. He believes a method will be worked out by which the public will receive the benefit of any substantial improvement in experience.

Before long, casualty companies will issue a statement construing liability policies to cover use of premises for many emergency or defense purposes, Mr. Sawyer said. This statement will recognize conditions similar to those already recognized for emergency use of automobiles. He concluded by urging American insurance to prepare to meet great responsibilities after the war in following American business and trade developments of world wide scope. Speakers at the afternoon session were Charles C. Megargel, manager at Boston for Fidelity & Deposit, W. Franklyn White, superintendent accident and health department Royal Indemnity, New York, and Laurence J. Ackerman, director of education, Connecticut association.

Marine Cover Bill Signed

WASHINGTON—President Roosevelt has signed the bill giving the War Shipping Administration an additional \$210,000,000 for marine war risk insurance.

This year marks three important anniversaries for Everett H. Tripp, Belvidere, Ill. He completes 20 years as secretary-treasurer of the Mutual Reinsurance Bureau of that city, formed by federation and national association mutuals in 1921. He also has served as secretary of the Illinois Mutual Fire of Belvidere for 36 years. The third anniversary is that of his own birthday. He

will be 75 years of age June 13. Proper recognition is being planned by the organizations with which he is connected.

Christensen Placed in Charge of War Damage Corporation

(CONTINUED FROM PAGE 1)

The terms of the fiduciary agent (insurance company) agreement were set forth in THE NATIONAL UNDERWRITER last week. These agreements have now been sent to the companies. It was announced that participation would be based upon premium income of each carrier, on the basis of \$5,000 participation for each \$200,000 of net premiums written during 1941. Net premium income, for the purpose of determining participation, will be the sum of 100 percent of fire, sprinkler leakage, inland marine and aircraft premiums, 30 percent of riot and civil commotion premiums, 25 percent of motor vehicle premiums and 12½ percent of extended coverage premiums. Minimum participation will be \$5,000.

The war damage story was one of the liveliest developments in the history of insurance, as far as interest of the public was concerned. The original announcement of R. F. C. did not give many details and companies found them-

selves swamped with inquiries from agents, while agents and brokers, in turn, were hard put to answer questions of the public who had read about it in the papers. THE NATIONAL UNDERWRITER prepared a special edition of the "Insurance Buyers' Digest" outlining the war damage setup. The demand for this roared beyond all expectations and orders were still flooding in after a week.

At present, no insurance man dares offer an opinion as to the probable or possible sale of the insurance, but the public, whether it intends to buy or not, is certainly interested. One Chicago agent reported that the day the story broke he mentioned it to the first two people on whom he called. The first told the agent to bring him an application as soon as he got one, as he wanted to buy full coverage at once. The second customer, operating a similar business, laughed at the agent and asked him what kind of a high pressure solicitation this was. These two prospects probably spanned American public opinion.

Situation Confused

There are still many important points to be cleared up and the manner in which the announcement was handled did not make for clarity. Forms, rules, procedure and rate schedules had been under consideration for several months, and, as was inevitable, many people had obtained virtually complete information on the setup. However, the original an-

On Guard!



Official U. S. Navy Photograph

ATTACK ON WAKE ISLAND BY U. S. NAVAL FORCES—February 24, 1942. Main battery of a U. S. cruiser bombarding Japanese forces at Wake Island while anti-aircraft crews stand by.

OUR NAVY IS DOING ITS PART—convoying the vital cargoes of planes, tanks, guns, ammunition and food which are going to win this war . . . win it on the enemy's own soil!

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nouncement of R. F. C. did not cover all the details, merely stating that insurance would be written through the regular producing sources, with the subscribing fire insurance companies as fiduciary agents, and giving rates for some lines. These rates were the same as previously understood.

Many other details about which information had leaked have not been treated in official announcements as yet. Some changes have been made in these details and possibly there will be other changes. The most important changes, which still have not been the subject of official announcement, were the reduction of the minimum premium from \$5 to \$3 and the removal of the provision that insurance should not be effective until three days after the application had been received by the fiduciary agent (fire insurance company). The intent of this original provision was to prevent a rush of business in the event of actual or threatened enemy raids, with almost certain troublesome questions of whether coverage had actually been executed should damage be done. Under the revised rule, insurance will be effective the day the application is received.

Another troublesome question is that of coverage of securities. A form had been prepared for banks, covering this property at a rate of 10 cents. This was not included, however, in the rates announced by R. F. C., and so far there is neither confirmation nor denial that this coverage will be available.

Bankers and stock brokers continue to be exercised over the failure thus far to persuade the management of the War Damage Corporation to grant adequate indemnity against loss of securities through war hazards, and are continuing discussions with the responsible officials to gain the concession.

The Association of Stock Exchange Firms recently bulletined its members regarding steps that should be taken to avoid loss of securities due to war raids.

One of the other perplexing questions is whether the companies have any authority to make any allowances to general and other agencies which do business through brokers and subagents for handling war damage business. If it is decided that they do not have any such authority, brokers and agents will probably be forced to place their business direct with company offices, in order to receive the full 5 percent commission. This commission is scarcely large enough to warrant any splitting between brokers and agents.

While consideration was given at one time to permitting general agents as well as companies and branch offices to write policies, final decision was adverse. George E. Allen, vice-president Home, who is among the nine directors of the corporation designated by Secretary of Commerce Jesse Jones, is in Ireland at present in the interest of the American Red Cross.

W. L. Clayton, the president of War Damage Corporation, is first deputy loan administrator, Jesse Jones being administrator. Mr. Clayton went to Washington two years ago and is considered one of the brightest minds in government service. During the progress of the conferences on WDC plans representatives of the Reconstruction Finance Corporation frequently asked Mr. Clayton his decision on points under discussion. While he acted as chairman of the board of the Export Insurance Company

at one time, he was never an officer, nor active in its affairs.

Though it is known Mr. Christensen has prepared a list of desired advisory committee members their names are being withheld until they are elected by directors of the WDC.

MICHIGAN PLANS SUPERVISION

LANSING, MICH.—Frank Cordero, deputy Michigan commissioner, revealed here that, although the Michigan department has no definite information on the war damage insurance plan and no official connection with its administration, it has tentative plans to set up new supervisory safeguards to prevent possible agency abuses. While the fire insurance companies, in their capacity as fiduciary agents for War Damage Corporation, are not under state insurance laws, there is a feeling that the setup may make it possible for unscrupulous agents to practice fraud upon the public, particularly by charging incorrect rates, and that temptation to do this may be aggravated by the very small commission.

W. O. Hildebrand, secretary-manager Michigan Association of Insurance Agents, has sent out a bulletin to members giving details of the plan. Many local boards in the state have held meetings to discuss this plan and some are undertaking cooperative advertising programs.

CHRISTENSEN TO NAME COMMITTEE

NEW YORK—Frank A. Christensen, vice-president America Fore group, who has been appointed vice-president of the War Damage Corporation, has been in Washington for some days and will not return before Thursday of this week. It was first thought that Mr. Christensen might open an office here for the War Damage Corporation to take care of its insurance activities but it is now indicated that he will be able to handle everything from the America Fore headquarters.

Mr. Christensen will soon appoint an advisory committee, consisting of stock, mutual and reciprocal representatives. Policies and application blanks will be furnished the companies and the applications will be sent producers by the companies. Care will be taken to see that the supply will not be in excess of what each producer is likely to require.

In addition to his important duties in connection with War Damage Corporation, Mr. Christensen is president of the Association of Casualty & Surety Executives, chairman executive committee National Board of Fire Underwriters and recently was chairman of the committee which prepared the revised standard fire policy for this state. He has thus added one more important job to a host of heavy duties, including his not insignificant responsibility as executive vice-president of the America Fore group. He was a leading figure in drafting the war damage policy and in preparing the rules and rates, so his selection as the leading administrator among insurance men was not surprising.

New Hawaiian Authority Clause

HONOLULU, T. H.—Because Hawaii is under martial law, the Hawaii Rating Bureau has published a new civil authority clause, called the "civil or military authorities clause." It is substantially the same as the old one, except that it covers damage to the property from destruction by order of "duly constituted civil or military authority" during a conflagration.

As is customary with the newer forms of civil authority clause, it excludes loss from a conflagration caused by bombardment, invasion, civil war, insurrection, rebellion, revolution, military or usurped power and operations of armed forces engaged in hostilities, whether war is declared or not. It also excludes conflagrations caused by riot and civil commotion, unless liability for these hazards has been assumed under the policy by endorsement. It may be attached to use and occupancy and other indirect damage contracts.

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